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# ***JPRS Report***

## **East Europe**

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# East Europe

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17 June 1991

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## INTERNATIONAL AFFAIRS

### Daily Sees Danger in Warsaw Pact Demise

91GE0287A Bonn DIE WELT in German  
20 Apr 91 p 17

[Article by Herbert Kremp: "The Giant Has Grown Stiff in Pain: The Undramatic End of the Warsaw Pact Is Creating a Dangerous Power Vacuum in Eastern Europe"]

[Text] Not quite 36 years after its founding, the Warsaw Pact has been dissolved, at least with respect to its military structures. And although it was not really a pact but an imperial instrument of the hegemonic power Soviet Union, its end in Eastern Europe gives rise to an uncertain situation: a large region must reorient itself not only in terms of power politics but also spiritually. Historical sins are already overtaking the states in a national sense.

Marshal Yazov, the Soviet defense minister, was crying real tears. "We put the Warsaw Pact in a metal coffin, you know, one of these sheet-metal boxes that one sees in crime movies," one of the participants later said in Brussels. The place selected for the certification of the death was the noble but impersonal Intercontinental Hotel in Budapest. The announced press conference did not take place. After the signing, Foreign Minister Bessmertnykh and Marshal Yazov disappeared completely and without commentary. They did not even say goodbye to their hosts.

The death was as unheralded as the life. The signature of the ministers was a line drawn through the military structure of the Warsaw Pact. The member states Poland, Czechoslovakia, Hungary, Romania, and Bulgaria had counted on a later date for the formal dissolution.

It was Gorbachev who cut short the suffering. In the style of the supreme leader, he told the governments in February that the central staff in Moscow and the coordinating bodies in the states of the alliance were going to cease operations on 1 April. Retained are the Political Consultative Committee and its secretariat. In this regard, the Polish Foreign Minister Skubiszewski stated that there is nothing "political." The Warsaw Pact is just an "empty shell" without the military structure.

The obituaries had a hard time staying within the bounds of reverence. The notice in Hungary mentioned its merits for detente. The "treaty on friendship, cooperation, and mutual assistance" from 14 May 1955 was not an alliance, not a pact, and not really even a treaty under international law but an imposed structure, hegemonic architecture of the Soviet Union. When Hungary declared its withdrawal (not foreseen in the treaty) in 1956, Khrushchev's troops put down the national uprising.

In 1968, armed forces of the states—with the exception of Romania—marched into Czechoslovakia to remove the "Hussitic heretic" Dubcek. In 1981, General Jaruzelski preferred to occupy Poland under martial law rather than to bring the Soviet executor down on himself.

The Pact was not a child of Stalin but an invention of his successors, who were not successful in neutralizing the FRG and in preventing its integration into NATO. Like an outer skin, it was slipped over the body of bilateral alliance treaties that Moscow had imposed on the conquered countries.

The first of them, the "Treaty on Friendship, Mutual Assistance, and Cooperation after the War," had already been concluded with the exiled Czechoslovak government of Benes in London in March 1943. Between 1945 and 1948, the betrayed Poland was first, later followed by Romania, Hungary, and Bulgaria. The states also had to link themselves contractually, whereby Stalin, like the czars, turned to the Balkan Peninsula and the gateway [the Dardanelles]. The turntable was Yugoslavia, which belonged to the "Eastern Bloc" and not to the Pact. The Truman Doctrine of 1947 was for the protection of Greece and Turkey. It was here that the turnaround in postwar politics took place.

Stalin had no luck on the flanks. In 1948, Tito evaded his plans for the Balkans. Albania was isolated. In 1961, Enver Hoxha turned to the geographically distant but ideologically close China and withdrew from the Warsaw Pact seven years later. In this way, the Soviets lost their position on the Mediterranean.

In the north, Stalin sought to draw Finland into the structure of the mutual assistance pact. The Soviet-Finnish Treaty of 1948 did not accomplish this requirement. It merely obligated the country to armed neutrality and to consultation with Moscow in the event of a crisis. In foreign policy, to be sure, Helsinki tended toward the Soviet Union and it subjected itself to a certain self-censorship in domestic policy but it remained a Western country. The likewise distressed Norway as well as Denmark and Iceland joined NATO in 1949 and Greece and Turkey came in three years later. This closed the flanks.

It is worthy of note that the Warsaw Pact did not come into existence until six years after the founding of NATO. Militarily the Soviet Union with its forward armed forces already dominated the approaches as far as the Elbe. In 1948, it brought into line Czechoslovakia, which was inclined toward it—the Communist Party was the strongest party with 38 percent after the elections in May 1946. And with the Berlin Blockade, it sought to inflict on the Western powers a defeat devastating to their prestige.

Stalin pulled out all the stops in the political struggle for Germany. To keep the potential from flowing to the West, he offered unification and neutrality in 1952. Whether or not this was a delusion, the fact that the Germans/West did not "pounce" on the offer, while a

year later the Germans/East dared to rebel, seems like a prophecy to us today. Stalin would possibly have been strong enough to sacrifice the second German state and the socialist system in the GDR. His successors were no longer concerned about the whole thing but only about dividing and their share.

The Warsaw Pact was created on account of the integration of the FRG into the West and its rearmament. Germany would remain split as long as the Soviet Union could maintain its hegemonic role. With its end, however, the German question had to attain a new quality that changed the European scene. That was clear to Gorbachev when he called the GDR a "strategic ally" in 1989.

The 1955 treaty drew the aspects of geography, the military potential, and logistics into the framework of Soviet dominion and subjected the glaxis and everything that it included to Soviet military doctrine and strategy. But the political emphasis of the structure lay on the central western edge, in the GDR. It was the most valuable and the decisive link in the chain of powers consolidated in the pact and hence was the purpose and justification for the military periphery.

It is therefore by no means strange at this time to hear that the military importance of the pact organization never achieved the rank of the assertions in the East or of the assumptions in the West. It secured the approaches in the service of the Soviet principle of waging war outside their own territory; it created and covered marshalling areas and lines for the Soviet offensive forces and their movement, for resupply and expansion—for the threat projection.

Those are achievements that are important in peacetime and decisive in time of war but they are only services. The contribution of the allies to the military force capable of waging war and their combat effectiveness and political reliability were, unlike in NATO, far below the level of the chief power.

Under the Joint High Command in peacetime were the Soviet troops in the partner countries, the entire National People's Army [NVA] of the GDR, including the border troops, and parts of the other Pact armed forces. "Solidarity" was the key concept of the Eastern alliance system, not "integration."

The Pact was not set up supranationally but suppressively. There was a certain division of functions. The Poles were supposed to think about detente, Czechoslovakia and the GDR were active in the Third World, and Hungary was allowed to busy itself with reforms. In strategic matters, there was no collaboration, not to mention a joint decision. Combat training and maneuvers remained qualitatively behind the West, and modernization and standardization were overrated.

Soviet mistrust overlay all relations and measures. The Soviets relied on themselves only, made "lonely" decisions, and operated in accordance with the principle of

command tactics. The intervention in Czechoslovakia in 1968 did not take place in an integrated manner. Combined-arms units of the allies advanced separately, in accordance with the orders of "their" Soviet command centers.

The text of the Pact of May 1955 and actual practice differed for 35 years. The Pact was identified as defensive (Article 1) but stood in the service of an offensive strategy. Not until 1987 did the objective of disarmament (Article 2) emerge from the shadows of propaganda.

The duty of consultation (Article 3) and the principles of independence, sovereignty, and noninterference in internal affairs (Article 8) proved from the start to be a simulation of a standard required by the reference to the UN Charter and to the right of individual and collective self-defense (Article 51). In reality, the Pact was a means to secure Moscow's imperial domination. The states were imprisoned, hostages of the conventional and nuclear strategy, and in case of war were required to assist "with all means" (Article 4). The relative clause "...that they deem necessary" was intended only for appearances.

The communiques and statements of the Pact meetings reveal the basic ideological nature of the Warsaw Pact. Gorbachev's coming to power in 1985 did nothing to change this. From that point on, the statements reflected the thinking of Gorbachev rather than Brezhnev. The tone in 1986 was still as rough as usual. They lamented the "imperialistic policy from strength and the interference in the internal affairs of other states" and declared "the political and territorial realities resulting from World War II and the postwar development" to be the indispensable precondition for peace and security.

But when Gorbachev shelved the Brezhnev Doctrine of the limited sovereignty of the member countries, the alliance lost the character of being a stability pact. It was really finished but as though automatically propagated the changes in Soviet policy, including its own downfall.

Disarmament and arms control were now the focus. All of the proposals that Gorbachev presented in his diplomatic heyday—reduction of strategic nuclear weapons, "complete elimination" of nuclear weapons in Europe, conventional cuts between the Atlantic and the Urals, warning against "Star Wars" and SDI, and the perforation of the ABM Treaty—found a loud echo and dutiful comments at the conferences of the party and government chiefs and foreign and defense ministers.

The appearance of so much unity and solidarity also blinded the father. At the 70th anniversary celebration of the October Revolution on 2 November 1987, Gorbachev declared that they had been successful in avoiding a nuclear war and in thwarting a victory of imperialism in the Cold War. "Together with our alliance partners, we dealt a defeat to the imperialist strategy of 'pushing back socialism.'"

With the treaty on the elimination of medium-range weapons and the progress on the way to the first major conventional arms-control agreement, the statements of the Pact became more real. At the same time, there were more manifestations of the "unity and unanimity" of the Warsaw Pact. Gorbachev stressed that the cooperation in the Warsaw Pact and in the Council for Mutual Economic Assistance (CEMA) had become "more fruitful and more competent," had grown more dynamic, and was improving.

In July 1989, the Consultative Committee expressed the hope that the socialist states would solve "problems showing up in the current stage of their development." Emphasis was put on the "foundation of equality, independence, and the right of all to develop their own political policy, strategy, and tactics without outside interference."

Thus the expression of doubt about existence was added to the boredom. The remarks on internal freedom were "witched" into the communiques by the Hungarians and the Poles. The Bulgarian or Czechoslovak or German dared to contradict but no longer decisively. The Soviet high-voltage line no longer carried any disciplining impulses.

In the summer of 1989, the Germans gathered for the escape into Hungary, the churches in the GDR were filled, and the time of communism in Poland ended with the elections on 4 June. After the celebration of the 40th anniversary of the GDR, the system in Germany collapsed. The Soviet Armed Forces did not intervene, although the use of force had been recommended, according to Shevardnadze. Hence the basis for the Warsaw Pact was gone. Shevardnadze chose the characteristic formulation that he "simply goes to sleep at times."

That this "alliance" was a shell with almost exclusively Soviet content and that it had to collapse as soon as the flow of energy from Moscow diminished is one of the facts that are taken for granted today. More important is the fact that something is missing after the demise. Even though no one felt anything other than fear and repulsion for the compulsory structure, there is a perception of a hole that Vaclav Havel defined in March to the NATO Council as a "certain political, economic, and security vacuum."

This was no nostalgic address to the Warsaw Pact but criticism of the West, above all of the Europeans, the EC, and NATO, which initially welcomed the disintegration of a command structure but refuse to take the consequences and as a result almost seem to lament the fact that the ordering factor that made everything calculable, including disarmament and arms control, no longer exists.

The uncompensated disintegration of the structure has two consequences that are mutually reinforcing: The Soviet Union no longer appears as an allied but as a neighboring great military power that has distanced

itself. At the same time, the problem of nationalities and minorities is emerging in an area where nation and state are not identical but traditionally stand in opposition to one another.

The disintegration of the Soviet Union at the edges, the dissolution of Yugoslavia, and the declarations of self-determination made in varying degrees of force by numerous ethnic groups from the Turkish border to the Baltic form a chaotic mixture that naturally attracts "strong men" and "ordering powers." The economic catastrophe and its regional differentiation magnifies unrest, tendencies toward secession, and even civil-war sentiments.

The Warsaw Pact had suppressed all of these stirrings. They were frozen but did not die away. Instead, they overwintered like crawfish. The "new thinking" has no chance against the reawakened "old thinking." In the East, it appears as egalitarian and without character.

The Lithuanians have difficulties with the Poles in their national territory; Poland deals with Lithuanian, Belorussian, and Ukrainian minorities; restless Poles live in the Western republics of the Soviet Union; nationalists, communists, and the KGB are forming an alliance in Slovakia; 100,000 poorly tolerated Hungarians live in Slovakia; an incompatible ethnic mixture prevails in Hungary and Romania. The situation is the same in Bulgaria and Turkey. The entire area of the East is reminiscent of the old "intermediate Europe." The falling back of the Soviet Union is heightening the tensions.

It is senseless to accuse the Warsaw Pact of not having eliminated the source of the tensions. Could it have accomplished what the "better" freedom was not able to do? The ethnic conflicts are historical in nature. The provide reasons to fight that are understood.

Hungary, the Czech and Slovak Federal Republic, and Poland established the basis for cooperation in Visegrad on the banks of the Danube. The leaders bemoaned their peoples. They consider the security vacuum, as they define it, to be dangerous. For them, it is not a matter of the "continental, land-grabbing attack from a standing position," to which the Soviet Union may no longer be capable, but of the Baltic and Georgian examples, the actual change of power in Moscow, and the power struggle there, which has become irreversible and in which Gorbachev will either fall or will establish his own Bonapartism.

According to the reports of the East Europeans in NATO, the tone of the Soviets, especially the military people, has been "crude" and "arrogant" since the loss of the Pact approaches became apparent. They act like a great power toward the dwarfs. "We were warned very directly against approaching NATO any closer than we have so far," reported Prague's Foreign Minister Dienstbier recently in Brussels.

Shevardnadze is to be thanked for the Soviet withdrawal from Hungary (50,000) and Czechoslovakia (90,000). He is accused of that in Moscow. The military and party consider the abandonment of the approaches, the GDR, and the Pact to be a "historic" error that can be compensated only fleetingly and inadequately through the salvation of major items of military equipment beyond the Urals and the manipulation of the Vienna arms control agreement.

The central eastern European states are putting great emphasis on replacing the old friendship and assistance treaties with the Soviet Union, which were forced upon them, with new and neutral agreements on cooperation and collaboration. But the imponderables are also leading to attempts to achieve agreements with the Ukraine, Belorussia, and the Russian Federation in questions of borders, minority rights, and commerce.

Poland has dared to take this step, although there is already enough substance for conflict with the Moscow headquarters in the question of the withdrawal of Soviet troops. 340,000 men (plus horses and vehicles) must squeeze through the Polish bottleneck in their journey from Germany to the east. In Poland itself, there are not 40,000 but—what they did not know in Warsaw until May 1990—58,400 Soviets.

The jam is starting to move. But the Soviets are denying Poland, which in their anger they see as the main cause of the collapse of the Warsaw Pact, the treaty on the withdrawal of their troops. Just as in the case of the dissolution of the Pact, Moscow is acting unilaterally and numb with anguish: the intention of protracting the withdrawal until 1993 was communicated in the style of a decree.

## ALBANIA

### Future Role of Religion in Country Examined

91BA0638A Tirana ZERI I RINISE in Albanian  
6 Apr 91 p 2

[Article by Anton Joro: "Christ Meets With Islam"]

[Text] It is difficult to believe that Christ and Islam have truly ever met, therefore the title of this article does not even cause a sensation (a meeting of such a high level would have been reported quickly by a news agency) or anticipation. The title of this article simply reflects a desire I have had since my childhood when I was asked the shocking and totally antipedagogical question: "Are you a Muslim or a Christian?" As an innocent child born to parents of different faiths, I answered: "I am both this and that." After all these years the laughter of the inquisitor, the author of this fatal question, still rings in my ears. With gritted teeth (he was a large man and of a higher class) he said: "Idiot! One can be either this or that, but never like you!" In my child's mind I was tortured by the idea that others viewed me as neither fish nor fowl, or as an aristocratic Frenchman who wears a

Moslem turban! Nevertheless, through courage and youthful boldness, and certainly not without pain, I endured the terrible assault of my inquisitor until the fateful day when his grandmother died, the source and inspiration of these horrible questions. Ever since that day the inquisitor forgot his old "habit," and fortunately became occupied with the selection of stamps of the town and wider regions.

This is then the dream I have had since childhood: For Christ and Islam to meet once as true friends.

Many people go to churches and mosques; they celebrate Easter and Bajram. Others, atheists, do not believe in either Christ or Mohammed. All of them clearly declare that: The Albanian human spirit is now free. It has always wanted to be free and now it is so. This spirit is wide enough to be enclosed within the framework of an ideology, no matter what denomination.

Albanians make up a small universe of Muslim, Orthodox and Catholics. The coexistence of different religions in an area consisting of so few kilometers and people clearly shows each of them has wanted and desired Albanians as believers and disciples of their cult. The peaceful coexistence of these three religions affirms a certain kind of shallowness of beliefs on the part of Albanians. This intentional shallowness has an explanation: Before they can deify the cult of heaven, they must, because of their circumstances, first deify the cult of the land, the cult of the hut, the cult of the children, the cult of their own life. Secondly, invaders, passersby, missionaries, both open and secret, were able over the centuries to inject the virgin veins of the people with the medicine of religion. No matter whether it is good or bad medicine, I know that every person has the right to think freely and to have a conscience that is not in bondage. Perhaps religion has helped Albanians to forget many things, to rest after bloody battles, and to forgive and make peace spiritually with the many chains that kept their hearts in chains. They needed music, literature, and perhaps a little religion to face the battle, the only thing that they had a great deal of throughout their lives.

Whether the church where he practiced his faith was Greek, Turkish, Vatican, or autocephalous, or whether the clergy was foreign or Albanian is another question. It is another question which disturbs me. Today, when Albanians are split by politics (followers of the Workers Party and those of the Democratic Party apparently are in open confrontation), what should be the role of the revived religion in Albania? Should it provoke the political fever by encouraging dissension, or should it extinguish it?

The priest of Shkoder preached at Mass that Albanians are brothers and must live in peace. The Hoxha of Kavaje said the same. Meanwhile recently two hamlets (one Muslim and one Christian) in the village of Korce almost came to blows as in the Middle Ages! What are these contradictions in holy sermons? Are you listening to your priests and to your religion or are you going to

church and to the mosque for nothing? And if you do not listen to the priest and hodja (Moslem clergy), then listen to the voice of Albania! That is the purest and most divine voice. It is the voice that summons you to work and to peace, away from ruin and destruction. It is the voice of paradise. Albania exists above the parties and above religion. Blossoming Albania is a paradise.

## CZECHOSLOVAKIA

### Nature of Viable Federation Discussed

91CH0621A Prague FORUM in Czech 7 May 91 p 9

[Article by Oldrich Smotlacha: "Referendum and New Constitution"]

[Text] The tense situation in Czechoslovakia keeps increasing, the fascist scum in Bratislava organizes its riots without interference, and alarmed citizens are expecting and dreading the disintegration of the state. Into this situation comes the saving proposal for a referendum which would enable the civil silent majority to express its opinion and preserve the joint achievement of Masaryk and Stefanik. But the situation, unfortunately, is not as simple as it appears at first glance.

Referendum is a popular vote in which a given question is answered either yes or no. It is therefore extremely important what kind of question would be asked. The question "Are you in favor of preserving the common federal state, in which the democratic and equal coexistence of the Czech and Slovak nations would be guaranteed?" would most likely be answered yes by a great majority of citizens of the Czech as well as the Slovak Republic. However, the difficulty would be that people could have diametrically opposing notions of what such a state would be. In Slovakia, a positive answer would be obviously given by advocates of a real federation on the one hand, and then by those for whom a federation means a very loose confederation of two almost independent states, basically linked only by the transfer of financial resources from the Czech Republic to Slovakia. Such a referendum, of course, would not bring the solution to the disputes which are preventing a normal functioning of the federation any closer.

The question in the referendum should therefore be worded in such a way that there could be no ambiguity in interpreting the results. That can be achieved only one way. The subject of the referendum should be the draft of the new constitution. In order for the federation to be viable and functional, this draft should have the following attributes:

1. The constitution will be truly federal (without confederal elements).
2. The federal agencies will have all the powers that are necessary for a proper functioning of the federation.
3. The constitution will be based on the civic and territorial principle, not on the national principle.

Many proposals for the framing of the new constitution are based on the myth that after a mutual agreement, the national republics will turn over some of their powers to the common state (federation). The federation, therefore, is to be derived from sovereign national republics which will express their common will by some kind of declaration or even a state treaty. To call such a structure a federation is, of course, totally unwarranted, because that is a typical confederation. In a confederation any resolution can be implemented only with the consent of the participating entities, and in case this consent cannot be obtained, the only thing that can be done is to transfer the jurisdiction in the given matter to the contracting parties. Such a structure necessarily has to be very unstable. A functioning confederation therefore does not exist anywhere in the world. In the current constitution there is one very important confederal element—the prohibition of imposing majority rule on the Slovak Republic in the Federal Assembly. It is precisely this element that is the main reason why our constitutional structure is not functional.

In a real federation the powers of the common agencies are not derived from the powers of the member states. The common constitution determines the matters which fall within the competence of the federation and which are within the competence of the member states. The citizens of the federation are represented at the federal level by a legislative body elected directly by the citizens, not through the intermediary of the member states.

In order that the federation be able to fulfill its tasks, it must have, besides an efficient mechanism that will enable it to make the necessary decisions, also the authority to implement them. Under its exclusive jurisdiction must be international relations, defense, security forces, currency, fiscal policy, common customs barriers, communications, transportation and energy network, unified legislature. The financing of the individual levels of the state should be arranged in such a way that uniform federal taxes would exist on the entire Czechoslovak territory to cover expenses connected with the execution of functions at the federal level, and in addition there would be taxes set by the republics and communities, which could also serve to assist the economy and could take into account special local conditions, if necessary. Individual provinces could even have separate systems of health, hospital, and pension insurance, and social welfare. To adjudicate disputes over jurisdiction between the federation and its constituent parts, a constitutional court must be established.

The constituent parts of the common state should not be nations or national republics, but the three historical territorial entities that came into being on the territory of Czechoslovakia: Bohemia, Moravia, and Slovakia. None of these entities can be considered a national state. Even Slovakia is not one, because about 20 percent of the population living on its territory is of a nationality other than Slovak. It is the land of all its population, not just ethnic Slovaks. This territorial and civic principle at the very least creates conditions for damping nationalistic



passions and for replacing them by a constructive civic-patriotic relationship to the land and the state.

The new constitution should unequivocally define the state structure of Czechoslovakia and the status of its citizens. It should avoid vague statements and tautologies such as "CSFR is the common state of Czechs, Slovaks, and other nationalities living in CSFR."

The only body which has the mandate and ability to draft such a proposal is the current House of the People. It was elected by all Czechoslovak citizens having equal voting rights, and it is not paralyzed by the confederal principle of prohibiting majority rule. It is clear that to bypass the House of Nations would constitute breaking the current legal continuity. However, the unconditional observance of communist constitutional acts of 1948, 1960, and 1968, which were passed by legislative bodies that in no way represented the Czechoslovak people, led us into the present blind alley. To get out of it, it will probably be necessary to have the courage to pass a revolutionary democratic act.

The population of Slovakia should in no way feel that it is being forced into coexistence with Bohemia and Moravia, and that it must fight for its independence. Rejection of the proposed constitution would amount to a declaration of an independent state on its territory.

Many Slovaks cannot explain to themselves why the Czech side is interested in preserving the common state other than that the Czechs gain economic advantage from this state and therefore are exploiting the Slovaks. The breakup of Czechoslovakia would obviously cause economic losses to all its components, but most of all to Slovakia itself. In one stroke the grants from the Czech lands, which now amount to about 10 billion korunas [Kcs], would cease. Slovak industry, which is less export-efficient than Czech industry, is at the same time more energy and material-intensive. Although strong socialist tendencies and orientation toward the Soviet market would make it possible to temporarily limit the social impact of the economic reform, in the longer run they would prolong the stagnation and bring Slovakia closer to the East than to Europe. For the Czech lands the separation, after some initial jolts, could, on the contrary, appear to be economically advantageous.

Of importance would be the question of federal property, federal commitments and claims. In their distribution, of course, the grants to Slovakia from the Czech lands, which for the entire existence of Czechoslovakia have amounted to as much as Kcs1,000 billion according to some estimates, would have to be taken into account in some way. However the entire matter cannot be judged only from the economic point of view, failing to remember the idea of Czechoslovak reciprocity which led to the establishment of the Czechoslovak Republic and which the overwhelming majority of Czechs embrace in spite of everything. The decision about a common state will be made in Slovakia. We must be prepared for all eventualities.

## Referendum Seen as Last Chance for Federation

91CH0631B Prague LIDOVE NOVINY in Czech  
20 May 91 p 1

[Article by Jiri Hanak: "Who Will Say It First?"]

[Text] The current task for politicians appears highly ambiguous, i.e., to organize a federation or nonfederation, a state or nonstate, confederation or nonconfederation. Any chess player would reject such an assignment, the politicians cannot do so. For the first of them who would openly admit that his task is impossible, would surely enter into history, be it as a villain or hero. Meanwhile we continue to seek ways of satisfying the Slovak wolf, while the federation goat remains intact.

I believe that the Czech "strategic retreat," so eulogized last summer, must come to an end. For to allow the state constitution to be ratified by the republics' National Councils, would be to relegate the Federal Assembly to the role of a nonplaying kibitzer. It would be something like the river Berezina for Napoleon, not necessarily for Czech interests but certainly for the federation.

Eleven million citizens never considered this state to be the Czech Republic alone. That was the impression imposed on us by Gustav Husak and his comrades in 1968, with the assistance of foreign tanks. On the other hand, any obsolete attempts at resurrecting Czech statehood of the last century, seems unwise, to say the least. It is as if, having once given up smoking, we pick up this symbol of juvenile maturity again. The fact that the Czech representatives defend federal, rather than Czech, interests, demonstrates both strength and weakness. While it derives its strength from defending the higher, federal, interests, it is weakened by the tepidity in dealing with the national interests of the Czechs.

Slovak representatives, however, also risk a Berezina. Prime Minister Jan Carnogursky, unlike his predecessor, is not a demagogue. Yet, that does not mean that he will be any less tough in the pursuit of Slovak demands. He must, however, respect the views of the conservative west European Christian Democratic parties, as well as the Vatican. Both these institutions, one more, one less clearly, let it be known that they regard Czechoslovakia strictly as one country, not as two separate states. Yet, the national community (I no longer believe in silent majority in Slovakia) is pushing him to the divisive Berezina, while calm reasoning, economic considerations, and foreign partners are slowing down his path to that fateful river. He has nowhere to retreat and finds himself in a classic no-win position.

A chess player in a similar position cannot expect any outside advice. We, however, can offer the referendum as a last resort.

### **Constitutions Unlikely To Be Passed by 28 Oct**

*LD0606211791 Prague CTK in English  
1456 GMT 6 Jun 91*

[Text] Prague June 6 (CTK)—Czech National Council (Parliament) Vice-Chairman Jan Kalvoda (Civic Democratic Alliance-ODA) said today that the Federal, Czech and Slovak Constitutions are unlikely to be passed by October 28, the date suggested by President Vaclav Havel.

Kalvoda told a press conference of the ODA and the club of Committed Non-Party People (KAN) that the Constitutions can be passed only when all forces on the Czechoslovak political scene reach a consensus. Therefore no binding date should be set, it is agreement on the content of the constitutions that is essential, said Kalvoda.

Libor Kudlacek, a Federal Parliament deputy for ODA, read statement of the ODA and Public Against Violence (VPN) parliamentary groups, rejecting speculations about the extension of the current two-year election term of legislative bodies. The groups consider calls for the extension of the election term irresponsible and unacceptable.

Commenting on the founding of the "Club of Czech Realism" within the Civic Movement (OH) by Czech Premier Petr Pithart, ODA Chairman Pavel Bratinka said crystallisation within the OH is no surprise to him as it is a process analogous on the development within the Civic Forum.

Meanwhile, OH Republic Council Vice-Chairman Pavel Ychetsky said the founding of the club does in no case mean split of the OH.

Oldrich Kuzilek, ODA Deputy to the Czech Parliament, drew attention to the alarming security situation, mainly the rising cases of theft and violent crimes, and invisible crimes such as drug traffic. A call on the governments to focus their attention on this area and introduce higher penalties.

### **Idea of Czechoslovakism Called Rational**

*91CH0633A Prague PROGRES in Czech 8 May 91 p 2*

[Article by "JB": "Has There Been Enough of Bratislava?"]

[Text] Tons of paper have already been covered with writings on the political crisis in Slovakia, which was launched by actor-minister (or is it minister-actor) Knazko. A fact, which is immensely important, has become somewhat lost in the stream of everyday affairs—namely the fact that, following more than a year of concessions, the word "enough" has been sounded on the Czech side! A lie has finally been called

a lie, blackmail has been called blackmail, and talk of identity has been called nationalism. It is no accident that this word "enough" is heard most emphatically from the right. The so-called democratic left has the least interest in peace and stability and is terrified by every, even the smallest, success of the economic reform. What is essential, however, is the fact that even representatives of the Czech Government have taken a stand against any further Slovak pressure and that that word "enough" is even being heard from the Castle [residence of the president], albeit more faintly. It is obvious why it is heard more faintly. A large part of the intellectuals surrounding Civic Forum and the Castle, who have important standing in our politics, are living through their Czechoslovakism, which is so much criticized from the Slovak side, as an emotional matter. Even though they refer to Masaryk [first president of Czechoslovakia], they have forgotten to study him. For Masaryk himself, the idea of the Czechoslovak state was a rational political reflection at which he arrived through the logic of historical development and, understandably, under the pressure of the short-sighted policies of the great powers, who were interested in breaking up the empire. As early as 1912, T.G.M. was calling for men who would "combine the various good forces of the Austrian nations to the benefit of us all."

The efforts to maintain a unified state in this day and age is part of a broader yet nevertheless utopian concept of a "rapid return to Europe" with massive aid from the West. It is clear that the West is interested in a unified and stable Czechoslovakia. No politician can claim that it does not matter whether the Balkans will begin on the lower Danube or as far up as the middle reaches of the Danube River. Overall, however, this concept, which held a central position in the election program of Civic Forum, has become bankrupt not quite a full year following its coming into being. Certainly, circumstances have come about which were, perhaps, predictable, but which not even the much more experienced politicians took into account—the rapid unification of Germany, the crisis and war in the Persian Gulf, etc. The principal cause for the failure, however, was economic naivete and a failure to understand the fundamental principles underlying the functioning of a mature society. The overestimation of the willingness of the West to provide us with financial resources for the renewal and expansion of our economy stands in first place. There is, after all, a difference between financial support for the exclusive opposition group of intellectuals and the renewal of a devastated economy. Capital will go wherever there are conditions for making profit and credits are granted under conditions which are constantly getting tougher. A repetition of the errors involved in granting credits to Third World countries without future prospects cannot be expected.

**Decline of Czechoslovakism Deplored***91CH0632A Prague TVORBA in Czech 8 May 91 p 3*

[Article by Vladimír Cermák: "Czechoslovak Nation in Memoriam"]

[Text] State juridical affairs are in motion and current events in Slovakia may have unforeseen consequences. They will affect even previously untouchable areas, even though many of them are as important for the maintenance of a common state as are defense and currency. They are the concern of the several million-strong minority of those who consider themselves Czechoslovaks. Very little is heard about this nationality either at home or abroad, it is certainly missing from all census and birth registration records. Although it certainly should, neither will it appear as "nationality" on the ballot of a possible referendum. Those who defend parochial interests, would never permit it. While being relegated into oblivion all across the country, this Czechoslovak nationality would perhaps deserve at least a posthumous memorial. The Czechoslovak nation was born in 1918 from the cataclysmic transformation of central Europe. Long before then, however, in the history of the parent nations, there were people who personified this union. Jesenius, Comenius, Safarik, Nemcova, and others were building the bridge which the founders of the state crossed to fruition. Decades before the first foundations of a unified Europe were laid, a program of joining east and west in Europe was proclaimed and implemented. For decades this fictitious bridge was being crossed by those who came from mixed marriages, young people who found partners of the other nationality, those who by occupation or otherwise found temporary or even permanent homes away from their roots. Along with many sympathizers of different types, it also includes those whose nationality was neither Czech nor Slovak, yet they accepted the idea of Czechoslovakism as their own and wanted to live in this state. In August 1968, as well as in November 1989, all of these people represented a clear majority and, even though nationalist disinformation has weakened this element of stability, their numbers still remain respectable.

Those who consider themselves Czechoslovaks do not belong to the category of Czech-Germans, Slovak-Hungarians, or any other hybrid, hyphenated ethnicities found at the contact points in practically all nations, unless, of course, they fell victim to racist ideologies. They are rather not unlike the Swiss or the Americans, even though their tendency to remain inconspicuous prevented them from safeguarding the majority. They are not heard in town squares where microphones magnify the voices of dedicated Slovaks—and perhaps soon also Czechs—demanding recognition of their national identity. Neither do they belong in the category of artificial nations, supported by the efforts of the stronger to suppress nations in the name of higher, perhaps Soviet, interest.

The motives leading to the birth of the Czechoslovak nation were natural and positive. Most European

nations have experienced a similar process in the past, including the people of Bohemia and Moravia. In the even more distant past, the Czechs coexisted with the Lucans, Doudlebens, and Psovans. Traces of this have survived to this day in dialects, costumes and museum collections. Europe has had dire experiences with nationalism. The experience with the Nazi phenomenon in which racial and national background was paramount, has led many Europeans to reject the amok of nationalism of any kind. Without this therapy, there would have been no chance for gradual integration and supranational association at the end of the twentieth century which did not treat kindly the formation of new nations.

Even we have apparently not succeeded in this. Not even at the price of enormous material and other resources invested in the economic and cultural progress in Slovakia, exhausted by a thousand years of Magyarization and later mass emigration to the New World. Of mention are also those who fell in the Hungarian intervention of 1919. The early efforts were to protect the borderlands from increasingly threatening efforts by neighbors to dismantle our democratic system. As we soon discovered, there were other perils as well.

Accelerated progress in economic and other development, led to a surge of national consciousness among the Slovaks. In a paradoxically negative sense, Czechoslovakism became a catalyst of this process. It acquired—and holds to this day—the image of something inappropriate. Even Czechs and Slovaks who otherwise support the union, shy away from it, rather than risk being blamed by the hardliners of assimilation of the sin of having abandoned national pride. While their numbers actually grew, the concept itself was not publicly discussed in the maze of political problems of the twenties and thirties. Success of the Slovak irredentists climaxed the first stage of Czechoslovakism. Without doubt, among the factors bringing this about were differences in national mentality and world outlook, anchored in past cultural attitudes and political behavior. The Czechoslovak orientation of the First Republic died in the late thirties, when Czechs in Slovakia returned to by then the German protectorate, or chose to escape to fight on the battlegrounds of the Second World War. The reintegration of Slovakia with the restored Czechoslovak Republic, was an unnecessary mistake, not only due to the consequences of the Slovak State, but also because the new geopolitical arrangement in Europe qualitatively altered the original meaning of Czechoslovakism. The doomed attempt at further coexistence turned this concept into an anachronism, especially in view of subsequent events. The new political elite proclaiming internationalism and pursuing its own devious interests, pushed the Czechs into feeling that the Slovaks were nothing but a burden for them and, in turn, inciting the Slovaks against the Czechs, in other words, pursuing the classic "divide and conquer" policy. The consequences of this are discernible to this day. When a nation faces crises, it is easy to whip up nationalist passions, instead of seeking equitable ways of solving problems for the benefit of both sides. The continued political bickering between the two nations, to the detriment of dealing with urgent economic problems, is truly exhausting them both. The new concept of Czechoslovakism is disturbingly reminiscent of a marriage of reluctant partners who

remain together in the interest of the children. Such an offspring is the Czechoslovak nation which is supposed to neutralize divisiveness, while promoting cohesive forces in the Czech and Slovak people.

The second phase of Czechoslovakism is burdened not only by the paternalism decreed by communist ideologies, but also the deep contradictions in the relations of the parent nations in the postwar period. Typical of this are the past more than 20 years of the so-called normalization. From the Czech vantage point of a traditionally industrialized national community, marked by its own cultural and educational evolution, this period represents profound decline, especially in comparison with former equals in West Europe. Application of the communist doctrine led to forced equalization and the collapse of previously introduced values. National identity was declared obsolete. Answers in the renewal of society were, therefore, sought in changes which western societies had already experienced. In contrast, in Slovakia some of the economic and educational changes could, in contrast with the past, be considered a success. In addition there was the fact that the number one position in the state was occupied by one who considered himself a Slovak, even though in the service of a foreign power. Thus, Slovaks, despite common reservations about totality, may now see things differently, including the role of nationalism in society's integration. The collapse of state socialism had in a part of Europe rather analogous consequences. The specific one in our society is the destruction of Czechoslovakism, the trend which many years ago was meant to strive for a Europe without nationalism. At the same time, most Czechoslovaks of the generations maturing in the seventies and eighties, see their common enemy in totalitarianism, ergo, free of past prejudice, partially aided in this even by the officially enforced federation law. The number of Czechoslovaks kept growing, even among Slovaks. In the eighties, it was easier to find a Czech critical of Slovaks than vice versa. Current fragmentation of "Public against Violence," the closeness of former reform communists to clericalism and extreme nationalism, plus other developments in Slovakia, are accompanied by the rapid disintegration of nation-building Czechoslovakism. It is as if the time was near when hundreds of thousands of Slovaks living in the western part of the country and tens of thousands of Czechs in Slovakia will be deciding where they want to live and which nationality to claim. If we must witness the demise of the Czechoslovak nation, we can at least hope that the break will preserve a certain cultured style. Hopefully, it will do without forced deportation and other enormities. Let it not be another—already third—exodus. The quest for a Czechoslovak nation by past and present generations of Czechs and Slovaks, represents the very best the two nations jointly attempted in confrontation with totalitarian social engineering of the twentieth century. The Slovaks were reminded of their nationhood, while the Czechs gained good neighbors in the east. For the very

young generations, untainted by fascism or bolshevism, it could serve as good preparation for a return to Europe. Remaining traces of Czechoslovakism should be more than a snapshot in the album of national history, more than a mere feeling that all is finally behind us, that we can finally look into the future. Moreover, it should be more than haggling about competence with incompetents, about the name of the state, its grand seal, or its budget. Destruction of the state into two independent entities would not alter the reality that the concept of "home" is different among the Czechoslovaks, regardless of their number and the language they speak, than among those who regard themselves only as Slovaks or Czechs.

### Meciarites Outline Future Policy Principles

AU0706180491 Bratislava PRAVDA  
in Slovak 6 Jun 91 p 3

[Report by Frantisek Melis: "Six Policy Principles"]

[Excerpt] Bratislava—Movement For a Democratic Slovakia representatives held a news conference yesterday at which they outlined their policy principles and expressed their views on other topical domestic political issues. The meeting with journalists took place without Vladimir Meciar, the movement's chairman, and Michal Kovac, a member of its political board, who had suffered a heart attack.

Augustin Marian Huska explained the six principles of the movement's future program. The first concerns national and ethnic issues and the others concern civic-political, economic-social, spiritual-cultural, ecological, and foreign policy issues. "In general, this program contains all the attributes of emancipation and of the gradual increase in self-expression, self-realization, and sovereignty," emphasized Augustin Marian Huska.

CSFR Federal Assembly Deputies Milan Cic and Martin Kontra and Slovak National Council Deputies Milan Secansky and Roman Hofbauer then expressed their views on constitutional issues. According to them, certain events took place between the talks in Lany and Budmerice that placed things in a different light. For example, there was the statement made by Czech Prime Minister Petr Pithart about the necessity of giving Slovaks an opportunity to air their views on their existence and also the Czech National Council debate on the so-called catastrophic scenario in case the federation breaks up. New views also became apparent on the part of Moravian representatives; they began to push for a tripartite federation. In this connection, Milan Cic stated that he unequivocally supports the conclusion of a treaty between the Czech and Slovak Republics and is against an agreement that does not bind anyone to anything. [passage omitted]

### ODS Leaders on Prospects of Right-Wing Coalition

*AU1006194191 Prague RUDE PRAVO  
in Czech 6 Jun 91 p 2*

[Report by "ds": "The Nucleus of a Right-Wing Coalition"]

[Excerpt] Prague—"We do not need 430,000 members [allusion to the recently announced figure on current membership of the Communist Party of Bohemia and Moravia]. We will make do with 4 million electoral votes," V. Klaus, chairman of the Civic Democratic Party [ODS], declared at the ODS's news conference on Wednesday [5 June]. J. Zieleniec, chairman of the consultative body of this right-wing party, added that, essentially, the ODS has already come to a coalition agreement with the Civic Democratic Alliance [ODA] and the Club of Nonaligned Activists [KAN]. Negotiations are underway with other smaller right-wing parties, such as, most recently, with Benda's Christian Democratic Party.

Asked about the possibility of a rapprochement with the Czechoslovak People's Party [CSL], V. Klaus said that the CSL is a party with a very complicated past, which is also at the root of its present unstable political orientation. "Once it strikes its roots permanently in the right-wing camp, it will be possible to conduct talks on closer cooperation."

J. Zieleniec announced, among other things, that a new informal association of clubs of deputies of non-left-wing political parties and movements was established in the Federal Assembly a few days ago. He indicated that it might be the germ of a broad-based right-wing coalition centered around the ODS. According to Zieleniec, the association comprises 10 of the 14 clubs [in the Federal Assembly]. The Civic Movement, the ODS's former partner in the Civic Forum, supposedly does not figure among members of the association. [passage omitted covered by referent items]

[Prague RUDE PRAVO in Czech on 7 June on page 2 carries a 250-word "ds"-signed report on a joint ODA and KAN briefing held in Prague on 6 June. According to the report, "ODA Chairman P. Bratinka and KAN Chairman B. Dvorak said that they regard reports about their coalition with the ODS as premature. A decision to this effect will yet have to be made by the highest bodies of the two parties in the second half of the year."]

### Freedom Party Urges Independent Slovakia

*LD0706193691 Bratislava Ceskoslovensky Rozhlas  
Radio Network in Slovak 1630 GMT 7 Jun 91*

[Text] The Freedom Party has worked out its draft for the future constitutional setup. Its basic idea and essence is an independent, sovereign and free Slovak Republic. The Freedom Party sees a confederation as the only form of cooperation and coexistence between the Slovak Republic and other nations and states.

### Views of Chief of Independent Hungarian Initiative

*91CH0500B Bratislava UJ SZO in Hungarian  
13 Mar 91 pp 1, 3*

[Interview with Karoly Toth, first secretary of the Independent Hungarian Initiative (FMK), by Szilvia Nemeth; place and date not given: "Approaching Problems Without Prejudice"]

[Text] Monday, at the invitation of the Independent Hungarian Initiative (FMK), the SZDSZ [Association of Free Democrats] of Hungary made a one-day official visit to Bratislava. In addition to the host FMK, the SZDSZ delegation, led by Janos Kiss, also met with representatives of the Forum Against Violence, as well as leaders of the Coexistence and the Hungarian Christian Democratic Movement. At a press conference following the visit, both Janos Kis, the president of the SZDSZ, and Laszlo A. Nagy, the president of the FMK, pronounced the meeting successful. We asked Karoly Toth, the first secretary of the FMK, about the concrete purpose and achievements of the visit.

[Toth] I believe that I can say without any restraints that relations between the SZDSZ and the FMK have been good for a very long time. That is exactly why, going beyond cooperation we have maintained until now, this visit had concrete goals, and in spite of the extraordinarily crowded agenda we succeeded in accomplishing them. Discussions at the FMK proceeded at two levels: In part between the two parties' leadership, and in part by organizing a so-called mayoral meeting, which had as its sole aim the mapping out of opportunities for regional cooperation. At these talks the SZDSZ was represented by mayors Erno Kolozsvary of Gyor, and Janos Krozsel of Encs, while on our side we had mayors Arpad Ollos of Dunaszerdahely, and Laszlo Sooky of Marcelhaza, as well as our legal and economic experts Zoltan Konya and Jozsef Csirke. In the course of the few-hour-long discussion it came to light that quite serious opportunities exist for cooperation between local governing bodies, both in the cultural and the economic spheres, which we will try to utilize in institutional manner in the future. I believe that this meeting was a great step in the area of regional cooperation.

Naturally, the political leadership of the two organizations dealt with much more general issues. We evaluated the domestic situation that developed in our two countries, the opportunities for cooperation among the bourgeois and liberal organizations of Central Europe, and the consequences arising from this for the SZDSZ and the FMK.

[Nemeth] Exactly one week before the Bratislava meeting, Janos Kis, the SZDSZ' president, talked in Prague with his party's Czech, Slovak and Polish partners about the cooperation of liberal forces. To what degree was your meeting connected to the Prague discussion?

[Toth] It can unequivocally be considered as the continuation of the previous talk. This is underscored by the fact that the dinner given by Laszlo A. Nagy, the president of the FMK, in honor of the guests was attended by Martin Butora and Peter Huncik, advisors of the president of the Republic, who were also present at the Prague meeting. The FMK wishes to remain active in this cooperation; after all, we are convinced, and we have voiced this repeatedly, that it is a liberalization of political life that offers solution to the problems and respect for each other's views, and brings us closer to the general consensus that is indispensable for parliamentary democracy. This could have its effect on relations between nations, as between Czechoslovakia and Hungary, as was best demonstrated by the Monday discussions.

[Nemeth] The SZDSZ delegation met with representatives of the NYEE [expansion unknown] and two other Hungarian political organizations, too. How do you evaluate those meetings?

[Toth] Speaking about the NYEE, I find it natural that the meeting materialized. Now that we are witnessing the internal fragmentation of the NYEE, the bourgeois wing lead by Gal Fedor may be considered a natural ally of the SZDSZ, but this is applicable to us as well. There is more emphasis placed on ties based on principles and the political direction. Janos Kis voiced his hope that they can find a shared voice with other political forces, too. The meeting with the NYEE is only the first step in the effort to find opportunities for cooperation, but it is an important opening in the long-awaited process of developing normal political contacts between the parties of Hungary and those of Slovakia.

The same thing was true for the meeting with representatives of the other two Hungarian parties. Let me add that when the SZDSZ told us that they would like to meet with the other two Hungarian parties, too, we received this with great pleasure, because it represented a movement away from the unhappy state which tried to project the domestic struggles in Hungary onto the pluralism of Czechoslovakia's Hungarians. In the course of the day's discussions, Janos Kis repeatedly stated that the SZDSZ does not consider the minority question to be a issue of party politics, but one which has implications beyond the domestic and foreign policy interests of any party. The problems should not be approached with prejudices, because instead of strengthening, it is likely to weaken the chances for solutions and the rapprochement of views. Our attitude was that this step can not but help to promote that minimal consensus which has been declared so necessary at the last conference of the FMK. By making this step, the SZDSZ set a good example.

[Nemeth] The FMK's working program devotes a separate chapter to contacts abroad. This chapter states that the FMK wishes to renew its contacts with every important political party in Hungary. What does this mean in practice?

[Toth] It implies what we have done this Monday. The FMK must solidify its role as part of the governing coalition, and based on its principles it must take steps to act as a force for the creation of consensus as regards the minority question, related to the Hungarian Republic as well as other nations. Our meeting with the SZDSZ was an opening in this regard. In our view, instead of debates on principles and ideology, our cooperation must be translated into concrete agreements, which in the end will serve the interests of Hungarian minority population.

#### Political Discussions

On Monday, 13 March, the presidium of the Hungarian Christian Democratic Movement met with the leaders of the Christian Democratic Movement. They discussed the actual political situation, and outlined the areas in which there are opportunities for cooperation among Christian Democrats.

Also on Monday, the Presidium of the MKDM [Hungarian Christian Democratic Movement] held discussions with the SZDSZ delegation led by Janos Kis. This was the first time leaders of the two organizations met. Both parties expressed their desire to further develop contacts that were created between them. The SZDSZ delegation and the presidium of the MKDM also exhibited lively interest in opportunities for cooperation in the economic sphere.

#### Vaculik Views Contemporary Political Scene

91CH0615A Prague LITERARNI NOVINY  
in Czech 16 May 91 p 1

[Article by Ludvik Vaculik: "Unsuccessful People"]

[Text] I do not like to think that the majority of this population are incapable of managing their affairs well and that entrusting some into their hands is potentially dangerous. And it has occurred to me that it would have been more propitious if the people who engineered the November overthrow did not immediately turn the "government of the people" over to their hands but rather created a revolutionary body which for a time specified would govern even by extraordinary means while preparing on a higher expert level resolution of the main issues, in order to present them, perhaps in the form of alternatives, for a vote. The way it was done was to offer the population a vote on merely—pure freedom. This they approved joyfully and what next—we see. We see that the foundations of a new order are in charge of people of whom many could not foresee what awaited them and who were chosen by the people in an elated mood according to yardsticks which it finds no longer valid in its present-day "reactive depression."

What I write is not meant to be a criticism. I oppose the voices saying that nothing has changed and little has been done. Everything has changed and the parliaments as well as the governments have done a great deal; their wisdom and will are good. It is only that inordinate

political friction is retarding our movement ahead. I begin to feel that we are in danger. With exaltation of the status of "the people" an order is being established to last for ages. What is the people that believes that a majority is automatically right? It is a people of simplified thinking, passive in difficulty and oppression but suggestible in the mass when excited in freedom. It is a defeated people which for at least 40 years went from nonsuccess to nonsuccess, a socialist people.

In Germany Nazism ruled only 12 years, and even so the Germans moved toward democracy slowly and under the supervision of democratic powers. We act as if communism could be doffed and thrown away as a uniform forced on us. But this "cleansing" gesture most easily throws away discipline, responsibility, modesty, taste and regard for the environment.

Presumably we now have a competition of ideas and people and it is expected that the more competent will win. I leave aside all that this may mean and will pursue the noticeable phenomenon that for now the loudest and pushiest are people who are rather weak and unsuccessful. Their clamor is heard across the political marketplace. In the first rank are those who gained power and possibly also property under the former regime. But their regime fell: this if nothing else is the defeat of a lifetime! The other large group are people who have not achieved anything special but failed in maintaining a personal, even if confidential, sovereignty vis-a-vis the thievish, collaborationist society. Now they want to rehabilitate themselves in their own eyes by words and deeds directed against more successful people; successful at least in the sense that history has proven them right.

Next to these two categories of bankrupts we have new failures, people whose ambition is greater than their talents and worth: a person's worth is what it is to other people. In business or commerce it is the customer who passes judgment on them. But in politics they cause harm until people of higher quality put them out of action. Such individuals do not see fit to join an already existing idea, organization or action, but must found their own. Their different view of a cause is more important to them than the cause itself. Rather than working patiently and outstandingly to attain a leading position for instance in an existing newspaper and to imprint their direction on it, they found their own. They are incapable of simply adding their strength unselfishly to something; they need a solo performance to display it. They do not use the new freedoms to choose between what was created by others but rather to scrape off bits of everything to gain something extra for themselves. In the old land they invent new nationalities so as to have someone to serve as presidents. They are a minority but they add the dumb majority to their weight on the scale.

I believe that both the president of the Republic and the Czech prime minister are making a mistake when in deference to the democratic manners they give serious consideration to the views of such people. Nor should

the responsible major newspapers magnify their small-print significance. Whether in government or opposition, a democratic order can be founded only on people of some substance.

### Former Communists Among Social Democrats Scored

91CH0633B Prague PROGRES in Czech 8 May 91 p 2

[Article by Jiri Loewy: "An Anachronism"]

[Text] The uproarious trumpeting and incantation of the unity of the Left has no analogy or even similar connotation anywhere in the present world—not in the west, not in the east, not in the north, not in the south. It is a Czech and Slovak regional specialty, a type of pie in the sky apart from all developmental trends—in other words, something akin to folklore.

The political language of mature democracies began to lose the exhausted left-rightist concepts born during the last century years ago. For example, in Germany today, only isolated intellectual orphans of the 1968 rebellion, who never saw a factory from the inside, invent stories regarding the so-called new Left in their ivory towers. After all, with whom should the SPD [Social Democratic Party of Germany] be joining "the Left"? With Honcker's posthumous leavings from the PDS [Party of Democratic Socialism]? With shame-filled Maoists, Stalinists, Trotskyites, or anarchists? Things are not substantially different in the other countries of Europe, including in our Middle East portion of Europe.

It is only in post-November Czechoslovakia that this childish game of Left-Right continues to enjoy considerable popularity.

Above all, the concept of the Left is undergoing all manner of grammatical declension. The Slovak Communists have even decorated themselves with the epithet Party of the Democratic Left and their chairman predicted that by the time the next parliamentary elections are held, the entire unified Left will come out with a joint list of candidates....

It is hard to say why a position in the Left—at least a verbal position—suddenly stands so high in Czechoslovakia, even with some leading democrats who should, traditionally, be more inclined toward the left center, as is the case with their political friends throughout the world.

In its classical definition, the Left meant a traditional movement for social movement, progress, for changing the "old world orders." Today, on the other hand, we are witnesses to the fact that those who are obviously impeding and even opposing necessary changes, the supporters of the bankrupt state dominance over the economy, over society, over the citizenry, are proclaiming themselves to be Leftists. What a confusion of concepts!



One completely fresh experience of the Social Democratic Party of Germany is perhaps worth noting. In 1959, this party adopted the so-called Godesberg program. By publishing the program, it ceased being a class party which was exclusively a worker party, a Marxist and a leftist party, and became a party of the people—of all the people (Volkspartei). As of that important moment, the SPD broke through the isolation surrounding it and became an express political force. In the federal elections, the land elections, as well as in the municipal elections, it went from success to success. Even though the social-liberal coalition was replaced at the helm of Bonn politics at the beginning of the 1980's by a Christian-liberal coalition, the SPD remained the party in Germany that had the largest number of members and, with respect to the number of voters, remained the second largest political party which it was impossible to ignore.

This standing of the SPD was first seriously threatened after many years on 2 December 1990 in the federal elections. The party fielded its new top candidate, Oskar Lafontaine. This candidate conducted himself in the all-German elections in a style which was relatively similar to the political approach used by the so-called Czechoslovak Left: He, too, gambled on the force of fear. He terrorized Germans with the "unfathomable consequences" of unification, he overestimated their individual concerns regarding "social confidences," but he never appreciated their high motivation, their willingness to contribute sacrifices in an exceptional situation, of their solidarity, of their willingness to give up something in terms of their personal well-being. And the results? The SPD lost a mass of votes and fell deeply below the level of its onetime pre-Godesberg results.

In the opinion of analysts, the defeat was contributed to by the fact that the candidate was not able to clearly address the matter of his future coalition partners. The designated future chairman of the SPD, Engholm, therefore hastened to call for the return of the Social Democrats to the political center following this election debacle. From this, we see the importance of the question of allies as well as the careful calculation pertaining to future political steps.

During the time of the First Republic, the Czechoslovak Social Democratic Party [CSSD] conducted a transparent predictable policy. It made no attempts to become friendly with the Communists and did not permit itself to become trapped in the "People's Front." Its coalition policy—particularly its collaboration with the Agrarian Party—assured the republic of the best period of prosperity and stability.

We need not elaborate on the postwar National Front alliance between the Social Democrats and the CPCZ [Czechoslovak Communist Party]. This was an alliance between the neck and the hangman's noose which ended catastrophically not only for the Social Democratic Party, but for all of society.

Today's election parties are turning in the wind without clarified concepts, without a firm strategy. The same people are capable of demanding that, today, the CPCZ be outside of the law, tomorrow, they call for an alliance with the Revival portion of Civic Forum and are capable of negotiating for an alliance with the Socialists the day after tomorrow—and, in the meantime, they go about merrily concluding an alliance here with the Moravian-Silesian movement and elsewhere with the "Greens," with the agro-combine also farmers, with the Petra Uhl group.... No wonder that the voter is aghast at all this, that his head is spinning from all this flexibility. And another word on the so-called unified Left. The chairman of the Czechoslovak Social Democratic Party, Prof. Jiri Horak, recently stated that any former exposed Fierlinger followers will pass into the Czech social democracy "only over his dead body." Virtually at the same time, however, in the interest of unifying the Left, he opened the gates of the People's House wide to the OBRODA Club for Socialist Restructuring.

A work by Jiri Gruntorad on independent initiatives in Czechoslovakia states the following regarding this club: "The initiators of OBRODA include personalities from reform circles of the 1960's, for example, Cestmir Cisar, Jiri Hajek, Milos Hajek, Vladimir Kaulec, Lubos Kohout, Josef Stehlik, Venek Silhan, Josef Spacek, and others."

Prof. Jiri Horak will thus be able to accomplish a truly historic compromise and welcome the author of an important work entitled "The Destructive Task of the Rightist-Socialists in the CSR," published by the SNPL Publishing House in Prague in 1954, into the ranks of the social democracy. This work, which was published as a result of a "collective order," came out precisely at the time of the beginning of the greatest wave of repressions undertaken against Social Democrats in this country. The following is a brief quotation:

"...In the circles of the reactionary emigre movement, where they live on table scraps and alms provided by the monopolists, they fight among each other for individual morsels and for the opportunity to render the most repulsive treacherous services and, when their masters crack the whip, they line up obediently into a unified pack in which they spitefully slander and besmirch their own people and their country, prepare to undertake criminal actions against it, and cynically search for human material to implement these crimes from among the ranks of those who still believe in them a little or are tied to them with dirty ties of dependency. The nation and the working class can speak with these criminals only through the security organs, the prosecutors, and the courts."

Which is, as we know, what took place. Some of these witnesses are still alive. And they remember.

Was it a long time ago? Certainly. However, to this day the author has not retracted a single line of his 190 pages of his denunciatory pasquinade. The architects of a new



unified Left in our country, now that they have taken on this job, will have to bridge a chasm of considerable width and depth, at the bottom of which lie the crushed victims of the previous leftist experiment. However, in spite of all the dreadful historical experiences, the fact that we may, once more, as was the case during the first Fierlinger era from 1945 through 1948, see the most absurd political as well as moral turnaround artists cannot be excluded. And all of this only to satisfy a pure fiction—a confused and confusing concept from the early years of the last century?

### Communists Allegedly Still Aggressive

91CH0619A Prague RESPEKT in Czech 12 May 91 p 9

[Article by Petr Placak: "Festivities"]

[Text] It was the May First, poets' season of love, but also the traditional workers' holiday, long usurped by the communists. This year they again used this day to organize their assemblies. We decided to attend one of them, at the public swimming area called Dzban in Prague 6.

While the current communist party chieftain, Jiri Svoboda, has not achieved the heights of his predecessor, Jakes, his speech was instructional, to say the least. Instead of seeking treaties with NATO, he said, the government should concern itself with social certainties of honest workers; the government, he continued, and the "hothouse" Federal Assembly are relegating productive young people to potato harvests and the Salvation Army, cooperative farmers who love their land (!) again see their fields taken over by convents, the country is reverting to feudalism, etc. Such simplistic shibboleths were greeted by the assembled crowd with great enthusiasm. Jiri Svoboda concluded by screaming "the tank is again green," which produced a triumphant roar. For a moment, I failed to discern what this was all about. Perhaps a secret communist slogan? In reality, this incident referred to an old Soviet tank in Smichov which recently, under cover of darkness, mysteriously acquired a pink coating, and became one of the few refreshing cultural, social, and political events of our present days, followed by a completely erroneous, demeaning and cowering reaction of some of our politicians who could not apologize to the Soviets fast enough. Especially provocative was the appearance of Prague Mayor Jaroslav Koran on television, where he indignantly denounced this "act of vandalism," evidently forgetting that not so very long ago he was arrested with Ivan Jirous in some beer hall for "insulting the USSR" by singing anti-Russian songs. Ah, where are the golden days of normalcy?

One of the innate characteristics of communists is their thick hide, coupled with effrontery. This was again confirmed at the Dzban assembly. Not the least feeling of guilt or responsibility for the problems of today. On the contrary, they offer us rising aggressiveness and the blaring of trumpets. For example, Professor Ivan Svitak

declared upon his return from exile that he had come back to save Czechoslovakia from the clutches of capitalism. While he certainly has the right to his opinions, to say something like that after 40 years of socialist terror, requires a good dose of moral callousness.

Some time ago, when I read of the establishment of the "Club of Czech Personalities" and that, besides Svitak, the founding members included the above-mentioned Svoboda, E. Erban, a veteran of all previous governments, J. Bartoncik, and K. Perknerova, I felt that what brings together a leftist intellectual with a relatively innocuous film director, former StB staffers, and a chairwoman of the former "socialist youth union," must be a character flaw. Today, I feel differently. I view it as an expression of alien culture, morality, rules and priorities. It is a culture of sowing discord and hostility. We should not forget that these qualities are inbred in communists and have nothing whatever in common with the left of the pluralist West European political systems. If I were the parliament, I would simply ban the communist party for endangering our social rebirth, or I would at least ban party members from public office. Such a step is, of course, very unlikely, given the character of our present-day state and social elites. The omnipresent "reborn democrats" and humanists of all stripes and shades, who had caused humankind so much suffering, are incorrigible. Communism has deep roots indeed. We are left with nothing but the hope that by the next elections the transition to a market economy will have reached a stage when it can no longer be turned back or stopped altogether without the use of force.

### Screening of Federal Deputies Called Legal

91CH0619B Prague RESPEKT in Czech 12 May 91 p 3

[Article by Benjamin Kuras: "Deputies and Presumption of Innocence"]

[Text] Many citizens and parliamentarians still wonder whether or not the Federal Assembly had engaged in something illegal by making public the names of the deputies whose registration in StB files had been proven. Some also wonder whether the investigating commission by publishing two such names after a city court had ruled against it, had acted against the law. Finally, there is some doubt of whether presumption of innocence should have been respected.

Such fears are without foundation and are merely the result of confusion in terminology, for the deputies are not accused of any crimes or misdemeanors under existing legislation, i.e., of any act which would have to be supported by hard evidence, and for which they could be punished. What is in doubt here is merely their fitness and reliability to hold elected office in a democratic parliament. This in no way threatens their right to pursue any other professional career for which they are suited. They became deputies only because their parties and the voters before the elections had no reason to doubt that they are proposing and voting for a person

who, because of past, present, and possibly future activity, was eligible for such a position of public trust. Now they have a reason, and that in itself is sufficient for recall.

#### **Their Unfitness**

Presumption of innocence plays no role in this case. In democratic politics, the voters and their elected representatives have no obligation to prove ineligibility to a politician; on the contrary, he or she must prove their fitness to the electorate. Majority lack of confidence in parliament is enough for a whole government to fall, effective immediately and without the right of appeal. The guilt of professional ineligibility need not be proved to anybody.

In the case of the deputies who were investigated, there is justifiable suspicion that by withholding information about their past activity they had deceived their parties and the electorate, thus achieving this position through at least negligence, if not dishonesty. The former is enough to lose confidence in someone holding such an important position.

If a parliamentary majority demands their resignation, they have no other recourse but to comply, and wait for the next elections. Appealing a parliamentary decision to organizations or individuals abroad, or even some domestic city court, is devious and unprofessional, and further attests to their ineligibility to merit voters' confidence.

Moreover, such procedures are illegal. It would be interesting to find out under what authority a city court felt that it could dictate to parliament how it may or may not deal with information concerning its own members. It would also be worth determining why the deputies in question felt that a city court decision could supercede a parliamentary ruling. This is another reason they should be considered unfit to hold seats in the Federal Assembly.

If a democratic parliament is to be taken seriously, then its majority decision must be considered binding and final. For it is the supreme legislative body in the state and its decisions have the power of law. If a deputy attempts to create conflict between the parliament and whatever extraparliamentary institutions (be it domestic or foreign), he or she are undermining the very body with which a democracy stands or falls.

#### **Rules of the Game**

In a democracy the electorate surrenders certain political rights in transferring them to elected deputies, in the confidence that its civil rights will be duly protected. A well-functioning democracy is indeed a dictatorship of parliament, without which democracy would turn into anarchy.

In order that the electorate might do this with confidence, it must be assured that, even if not morally pure,

the representatives are at least able to respect the rules of the game, which is the loftiest and riskiest game in the state. Even if the investigated deputies should be innocent of the StB connection, their appeal to extraparliamentary institutions, shows that their continued service would be very risky for the electorate, as well as for democracy. If the majority in parliament asks them to relinquish their mandate, the decision becomes law and noncompliance illegal. Parliament may save them from illegal activity by suspending their salaries and transferring such funds to newly elected or temporarily coopted deputies from the party electoral slates, individuals who are eligible under parliamentary criteria. If the investigated deputies feel that this is undemocratic, let them prove it to parliament within the framework of existing legislation.

#### **Federal Government Grants Aid to Republic Press**

*LD0706082791 Prague Ceskoslovensky Rozhlas Radio  
Network in Czech 1600 GMT 6 Jun 91*

[Text] The Federal Government today approved as a special measure the subsidy of 28 million crowns to help the press of minority nationalities and ethnic groups. Some 21 million crowns is to be used for publishers in the Slovak Republic, and 7 million crowns is for publishers in the Czech Republic.

The Government today also voiced its consent on concluding an agreement between Czechoslovakia and the World Bank with regard to a loan to the value of \$450 million to cover the expected deficit in the balance of payment, and to reinforce the hard currency reserves.

The latest information from the news conference on the session of the Federal Government: centers of world trade are to be erected in Prague, in the Bubny railway station and in Incheba area in Bratislava.

#### **President Havel Addresses Security Conference**

*LD0706075491 Prague Ceskoslovensky Rozhlas Radio  
Network in Czech 1852 GMT 6 Jun 91*

[Address by CSFR President Vaclav Havel at the 10th Conference of the Institute of East-West Security Studies (IEWSS) in Bardejov—live]

[Excerpts] Mr. President, ladies and gentlemen: Perhaps I should start by saying that it is a great honor for Czechoslovakia that the IEWSS has set up a center in our country, in Stirin. It is also greatly important for us and a sort of feather in our cap that the institute's 10th conference is taking place in Czechoslovakia, and, personally, I am particularly pleased that it is taking place here in Bardejov, and in addition at a time when we are marking the anniversary of the first mention of this town. However, there is another purpose for the conference taking place here: In my view, this could be a further step in helping Europe to realize that Czechoslovakia is made up of two republics, the Czech and the Slovak, that Slovakia is part of our geographical and

political map, too, and that Slovakia could also be the venue in the future for various international conferences and events.

The aim of this 10th conference is Western aid to the fledgling Eastern countries, and there are three countries in the limelight here—Poland, Czechoslovakia, and Hungary—and this is highlighted by the presence here of President Goncz and Premier Bielecki. [passage omitted]

Perhaps I should say a few words about our country's political orientation. We feel ourselves more and more as part of European culture and European civilization, because for many centuries we played our part in creating European values. Now, after a sort of bitter historical diversion which the era of communism represented for us, we seek to reintegrate ourselves quickly into the family of European democratic countries. Our hopes are vested in the ideal of a united Europe which, although it may be divided geographically and spiritually into various regions—west, north, east, and south—is, nonetheless, a united Europe in terms of the political values and principles underpinning it, and the ideals to which it aspires. We are, therefore, looking to the continuity of those European values over the last 40 years in the countries of Western Europe which were spared that sad historical diversion. That, then, is the basic tenet of our foreign policy and of everything that we undertake. We are building a democratic system; we are seeking a new constitutional form for our state; we wish to build a federation on the principle of equality; we seek to renew our civil and political development and to establish a market economy.

Naturally, we must think about the security aspect of our position. The IEWSS has the word security in its very title, so perhaps it is appropriate for me to say a few words on this. Now that the Warsaw Pact has ceased to exist, now that they have extricated themselves from their position as satellites, and now that they have become free, independent, and democratic countries, Czechoslovakia, Hungary, and Poland are seeking a new home, a new niche, and new relations in the security sphere, too. We do not want to be some sort of strange vacuum, some sort of strange no-man's-land between Europe and Asia. We do not want to be some sort of buffer zone.

This new position on the security map of Europe means several things. First, we are drawing up new treaties with our neighbors. A whole network of bilateral treaties which will contain a security aspect is due to be organized. We are establishing cooperation built on mutual trust with NATO and the WEU, and we vest great hopes in the Helsinki process which, for many different reasons, has the potential to be the soil or the medium out of which a new European security structure and a new system of all-European security guarantees could grow. This great transformation of our political and economic systems is a gigantic task, primarily in the economic sphere. To move from a centrally managed command

economy to a normal market economy is an unprecedented task, and it is especially difficult for Czechoslovakia for a number of reasons. First, absolutely everything was nationalized in our country, much more than in the other so-called socialist countries. Second, we had the most conservative of all the Communist regimes, and it was not even possible to carry out any preparatory reform steps at that time. Third, we are carrying out this transformation in a situation in which all the existing markets of our economy, which as geared in only one direction, have collapsed. Nonetheless, we have set out on this path; the first steps have been taken. [passage omitted]

Nonetheless, it is clear that probably as in the case of Poland and Hungary, this process will require massive Western assistance. That support has many various forms. Above all, we would welcome access to Western markets for our exports. In this regard, it is important to recall that we are striving to conclude an association agreement with the EC. We would like to achieve a certain indispensable asymmetry in that agreement. Also, we cannot do without Western investment, the establishment of joint ventures, technical assistance, as well as assistance not involving capital inputs, and without intellectual assistance, such as training and advice. [passage omitted]

I would like to conclude by thanking the West for all it has done already. Above all, it has shown political confidence in the new fledgling democracies of the former Communist countries. It has established a broad range of political contacts with us. [passage omitted]

It seems to me appropriate to give thanks for this and also to voice the hope that the West will continue to help our countries and that the West will realize that these three countries—Poland, Czechoslovakia, and Hungary—have the chance to move quickly to the system of a market economy and privatization and enter a normal sound economic environment and become prosperous countries and that these small countries could perhaps, thanks to their conditions, be a source of inspiration for the great colossus and our great neighbor, the Soviet Union, which is facing the same task and for which the task is incomparably more difficult and complicated than for us and that we can serve as a model to prove that it can be done.

In conclusion, it only remains for me to thank everyone involved in the organization of this important conference, and above all to thank the IEWSS, of course, the town of Bardejov, and the Slovak government, and finally to voice the hope that the conference will be successful, that a lot of important, interesting, and wise things will be said, and that it will benefit us all. Thank you.

### Correspondent Contradicts Colonel Alksnis

91CH0617A Prague LIDOVE NOVINY  
in Czech 14 May 91 p 4

[Article by Jaromir Stetina, LIDOVE NOVINY Moscow correspondent: "Revenge of Colonel Alksnis—How It Was With 'Moscow's Hand' in Prague in November 1989"—first paragraph is LIDOVE NOVINY introduction]

[Text] The Soviet weekly LITERATURNAYA GAZETA published this year in its Nos. 14 and 15 a comprehensive article by Marina Pavlova-Silvanskaia entitled "Colonel Alksnis's Version." In it the author analyzes in minute detail the views of the USSR Deputy Viktor Alksnis on the developments in Czechoslovakia in 1989 and his allegations about Moscow's hand in those November events in Prague. Her article systematically debunks the colonel's version about the alleged link between the Soviet Embassy, Charter 77, and the Civic Forum [OF], and his statement that the OF was financed by Moscow. The article offers, among other things, the information that "the Soviet Embassy began to weave the first threads of contacts with the OF after 17 November by mediation...of a correspondent of KOMSOMOLSKAYA PRAVDA, Alexander Kuprianov." Our Moscow correspondent reports on the salient points of the article and offers A. Kuprianov's authentic testimony, which helps disprove the black colonel's version.

#### People From the Embassy

"The colonel and his comrades had been cultivating a poisonous and widespread slander for a long time: Eduard Shevardnadze was selling out East Europe piece by piece. My remarks concern the political context of those attacks," writes the author in the introduction, after which she analyzes in detail five major recent interviews with Colonel Alksnis. In the first one given to Swedish Television on 22 January 1991 Alksnis maintained: "Our embassy either organized or...assisted to a considerable degree in organizing the demonstration in Prague, including providing financial aid to the Civic Forum. All that was done by our diplomats."

In all subsequent interviews Alksnis sounded more cautious: On 6 February for the publication LITERATURNAYA GAZETA (the colonel no longer mentions the financial aid and refers to the archives of the Communist Party of the Soviet Union [CPSU], the Ministry of Foreign Affairs, and the KGB, which should be "opened"); on 11 February for the correspondent of MEGAPOLIS EXPRESS (the colonel speaks only in general terms: "...I insist that the USSR did play a role in those processes..."), 16 February for FIGARO ("...we did influence the process of gentle revolutions; as a matter of fact, we controlled them"; however, the colonel does not explain who those "we" may be; Zhivkov resigned upon instruction from Moscow, and so did Honecker); 2 March for LIDOVE NOVINY (this time he again did not mention any diplomats but rather some

"people from the embassy"; he hints enigmatically that all those operations were thoroughly conspiratorial).

"From the original sensational construction 'Soviet diplomats—financial aid to the Civic Forum—its ascent to power' a different, painfully familiar version has gradually developed: 'The CPSU Central Committee, Gorbachev, the KGB, the people from the embassy—instructions and pressures on the old power (Zhivkov, Honecker)—unofficial support for new political power'" (which means the reform movements within the communist parties—JS's note), says the author, and explains whom she has in mind when she refers to "the people from the embassy":

"...the diplomatic apparatus was a centaur for the party and the KGB; for the uninitiated it would be preferable not to unravel the tangle: Who is from the Ministry of Foreign Affairs, who is from the KGB, who is this or that. In any case, not too many career diplomats were serving in the embassy."

#### Havel Recited

Moreover, there is a detailed portrait of the former Soviet ambassador in Prague, Viktor Lomakin.

"Was there any actual behind-the-scenes agreement with the former Chartists who became part of the Civic Forum? The officials of our embassy chuckle while telling the following story:

"Vaclav Havel met Lomakin for the first time at a reception shortly before the ambassador's return to his native land. As is customary in our diplomatic offices, the VIPs withdrew from the smaller potatoes. After the president left, curious officials questioned the head of the embassy: 'Well? How was it?'

"'He recited poems,' replied the ambassador gloomily.

"'What kind of poems?' asked his stunned subordinates.

"'How would I know?' said the ambassador, adding after a while: 'He recited Russian poems. I am sure he learned them out of spite.'

"Such was the caliber of the No. 1 Soviet diplomat in Czechoslovakia."

#### Commotion Because of a Discussion

Next, Marina Pavlova-Silvanskaia informs her readers that A. Kuprianov acted as a mediator between the Soviet Embassy and the OF after 17 November.

I should like to stop at this point. I have been associated and had contacts with Alexander Kuprianov for many years as a colleague and a friend and I was present at the beginning of events that led to the theory about "contacts during the revolution." This is what happened.

In the summer of 1987 Kuprianov, then a young and sensibly inquisitive journalist, expressed interest in meeting "someone from the opposition." His Czech

friends arranged for him a meeting with Vaclav Havel. It took place in the fall of that year in Havel's apartment in Prague and went on for several hours, practically until the dawn. Vaclav Havel was interested in the restructuring process in the USSR, while Alexander Kuprianov wanted to learn about the Chartists' political attitudes. Kuprianov gave Havel a watch. That same morning he flew back to Moscow and wrote an article for the publication SOBESEDNÍK, where in a short paragraph he expressed his sympathy for Vaclav Havel. There followed a commotion in our embassy in Moscow and in Kuprianov's office and as a result, despite initial plans, Alexander Kuprianov did not get the assignment of permanent correspondent in Czechoslovakia.

Two years passed and during that time Kuprianov tried to publish in KOMSOMOLSKAIA PRAVDA articles presenting the truth about 1968; that topic was one of the last taboos in the period of glasnost.

On 18 November 1989 I telephoned Kuprianov in Moscow and invited him to come to Prague because I wanted someone in the Soviet Union to provide objective information about the events in our country. He did not come until about ten days later—the press department of our embassy kept denying him his visa. In Prague he shared with us the excitement of those days; he wrote and among other things, requested an interview with Vaclav Havel. His interview was published in KOMSOMOLSKAIA PRAVDA in early December.

At that time Soviet journalists seemed to have vanished into the thin air. At press conferences in the Laterna Magica theater the Russian language could be heard just once—when Kuprianov asked Jiri Dienstbier whether the Czechoslovak opposition was keeping contact with the informal movements in the Soviet Union. The Soviet Embassy also seemed to be stricken with paralysis: "All of a sudden everybody wants to know who is Dienstbier and who is Havel," Kuprianov told me at that time.

### The OF-Embassy Connection

Shortly after the appearance of Mrs. Pavlova-Silvanskaia's article, I telephoned A. Kuprianov in London where he is stationed as permanent correspondent of his newspaper, and asked him to comment. He said to me:

"One of the secretaries at the embassy in Prague in fact asked me after my interview with Havel, whom he did not know, that I arrange a meeting with Havel, Ambassador Lomakin, and another 'high-ranking functionary of the Communist Party of Czechoslovakia' whose name he did not disclose. I promised to do that and when I spoke with Havel I conveyed the invitation to him, and that was the end of it for me. As far as I know, no such meeting took place."

On the whole, it is understandable that the embassy would try to ascertain what in fact was going on and to recover from a shock. The fact that it chose a journalist who happened to be present to act as a messenger to the

Civic Forum confirms not only that up to that point they did not have anything to do with the OF but also a failure of the Soviet diplomatic doctrine which for many years used to bar all contacts with anyone outside their official fraternity. Up to the last moment Lomakin simply regarded the Chartists as rather disagreeable crackpots, vermin, nobodies—and not as political opponents of the system or even partners in conspiracy who must be given regularly handouts from Kremlin's treasury.

### What Is the Colonel's Pleasure?

Alksnis must be aware that he is lying. However, what compels him to lie? What purpose does it serve? Marina Pavlova-Silvanskaia explains:

"...they fired an enormously powerful weapon—character assassination of leaders of the new generation....By his allegations about bribery and secret operations Alksnis tells simple Czechs, Germans, Romanians: 'Take a look, they have hoodwinked you again and made fools of you.'

"In our country 'games of detection' are played to enable the 'ex-officials' to return. In the countries of East Europe their chances are very slight or nonexistent. Therefore, the effort to discredit the new political elites is first of all a shortsighted and malicious act of vengeance that is horrible in its consequences."

There are two versions about Moscow's share in the events of 1989. One, Alksnis's, about the collaboration with the OF, was refuted by the colonel himself by his lack of focus and by his contradictions. The other version (often called the BBC version, according to a well-known television film), which stands, refers to the KGB's cooperation with the anti-Jakes factions in the Communist Party of Czechoslovakia, about which Colonel Alksnis does not or cannot express his opinion.

### History of Soviet Tank Monument Clarified

91CH0631A Prague PROGRES in Czech 8 May 91 p 1

[Unattributed article: "You Need Not Lie to Us Any-more, Teacher—Pink Tank or Pink Camouflage of History"]

[Text] One night recently, someone humanized the "memorial" by coating it with pink paint. Whether or not a weapon of any kind merits a memorial is not the point, it is, however, important to know what really happened during the liberation of Prague, and what tank was actually placed on the pedestal.

In liberation euphoria in Prague on 9 May 1945, someone proposed to preserve on exhibit a war-damaged tank T-34, number 23, belonging to the 63rd Tank Brigade, Xth Tank Corps, of the 4th Guard Tank Army. Soviet pride, however, did not permit to honor the city with "scrap" (according to the Soviet garrison commander), instead, it got a brand new tank IS 2 (Stalin), just retrieved from a reserve warehouse. Consequently,

the memorial became a tank which never fired a shot and quite undeservedly bore the historic number 23, thus becoming, as so many other things in Russia, a "Potemkin Village." This is quite typical of the postwar Stalinist period—a scarred, wounded, and no longer useful veteran could either limp along with beggar's staff, or end up in the Gulag, while many a shirker, suitably festooned with Stalinist pomp, warmed himself in the sunshine of glory.

Even the placement of the controversial memorial in the Smichov district was a lie, subsequently drummed by teachers into children's heads. The Soviet Tankers Square was actually the ultimate point reached on 7 May by the Rifle Division of General Bunachenko, part of the Russian Liberation Army (RLA) of General A.A. Vlasov. The location of the memorial was meant to forever erase the memory of RLA participation in the Prague Uprising. No one remembers today that on 9 May 1945, the Soviets never even entered the Smichov district, as was the case with many other sections of the city. To this day, except for mass graves of the Vlasovites, massacred by the Red Army, there is no monument to the RLA for their participation in the battle on the side of the rebels. Yet, these men were of the same nationalities represented in the Soviet Army, who had entered Prague much earlier. The RLA soldiers were declared guilty of two things; they had the effrontery to raise their arms against the Stalinist regime of the great "leader," and the misfortune of joining the side which lost the Second World War.

#### Dispute About Environmental Legislation

AU1006195091 Prague HOSPODARSKE NOVINY  
in Czech 7 Jun 91 pp 1-2

[Report by "jop": "Ecology and Powers"]

[Excerpt] Even the second federal draft of an environmental law—the draft law on the protection of the atmosphere—has been affected by disputes about division of powers. At yesterday's news conference in the Government Office, CSFR Deputy Prime Minister P. Rychetsky blamed mainly the problematic wording of the power-sharing law for the dispute, for it entrusts only legislation on "fundamental matters of the environment" to the federation's jurisdiction.

It is precisely the interpretation of the above provision that causes disputes. According to P. Rychetsky, these disputes do not have a national connotation. Both the Slovak Republic Government and the Slovak legislative body turned down the draft law on the protection of the atmosphere and the Federal Government has thus been facing the dilemma of whether to submit the draft to the Federal Assembly in the first place. At its session yesterday it decided to submit the law, but at the same time it will draw attention to the problem of interpretation. In view of the absence of a constitutional court, which should pass judgment on the interpretation of disputed provisions of the power-sharing law, this right belongs

exclusively to the Federal Assembly, which had passed the disputed law. Therefore, it will be up to the Federal Assembly to opt either for a clear interpretation or for an amendment to the power-sharing law.

Josef Vavrousek, chairman of the Federal Committee for the Environment, explained to journalists five criteria, the compliance with which ought to forestall power-sharing disputes. First, federal legislation must not interfere with the method of executing state administration on the territory of the republic; second, it must be conform with analogous regulations in EC countries and consider [Czechoslovakia's] future entry to Europe.

The third rule on which the Czech National Council and Slovak National Council Environmental Committees had agreed is respect for the same basic level of the quality of the environment in the two republics. This should represent some kind of a minimum level of requirements, a level which the legislative bodies of the republics would be authorized to make more rigid (but not relax). The fourth criterion should be the gradual tightening of limits, but without destroying the economy for it is known that there are certain norms which the majority of enterprises do not meet. To facilitate their adaptation, a five-year period of transition has been set [before noncompliance with permissible emission levels becomes punishable].

The last rule—a rule with which the chairman of the Slovak Commission for the Environment disagreed, however—is the need to safeguard the international commitments of our state by means of federal laws because it is the CSFR as a whole that is a subject under international law. [passage omitted]

## HUNGARY

#### SZDSZ Leader Condemns FIDESZ Proposal

91CH0520A Budapest BESZELO in Hungarian  
6 Apr 91 pp 4-7

[Article by Tamas Bauer, economist: "A Parliament of Small Groups"]

[Text] Several parties received the FIDESZ [Association of Democratic Youth] proposal concerning a six-way pact among parties with suspicion: What else could it be aimed at than pushing the FIDESZ into the forefront and isolating the SZDSZ [Alliance of Free Democrats]? The way it was presented by Viktor Orban, and the way the government promptly issued a positive response to it, aroused the suspicion of an "Antall-Orban pact." Yet, the proposal (especially the way it was written up by its author, Andras Kovacs, in the MAGYAR HIRLAP) is significant, because it is based on a responsible analysis. It is worth considering what differentiates this from the SZDSZ position proclaimed at the February meeting of delegates, and what is the source of that difference.

The analysis of the situation by Janos Kis, which he publicized at the meeting of SZDSZ delegates and later in an article published in the NEPSZABADSAG, and Andras Kovacs's appraisal both use the initial point that there is a threat to Hungary's emerging democracy. In the midst of prolonged economic problems and deteriorating living circumstances, social support for democratic institutions (the government, the National Assembly, the parties and the election process) is rapidly declining. As a result, there are realistic political opportunities for extreme rightist groups and miracle-promising, self-appointed leaders, who would have been unequivocally rejected by the electorate just a year ago. The failure of interim elections and the reemergence of Torgyan as a populist spokesman strengthen the validity of earlier analyses.

This view of the situation differs from the kind Jozsef Antall usually gives. He felt, even before he assumed leadership of the government, that there is no emergency situation in Hungary that would necessitate the alliance of rival political forces in a great coalition. One year later he still feels that there is no crisis in Hungary; that the MDF [Hungarian Democratic Forum], and the MDF alone, or the governing coalition, are able to execute the systemic change. This gives rise to the conclusion that we must not question the accepted rules of parliamentary democracy, the breakdown of roles between government and opposition. There is no possibility, and probably no need, to strive for a consensus among the main political forces on such issue as, for example, property relations or compensation.

Both dissenting analyses use the existing crisis as their point of departure. However, the FIDESZ and the SZDSZ differ in judging the cause behind the crisis. According to the FIDESZ, the task is so difficult that the government alone cannot handle it, and needs assistance. As put forth by Viktor Orban, this reasoning deemphasizes the severe condemnation which the FIDESZ generally voices concerning the Antall government. And when the talk is about the public state of political life or, say, the weak performance of the National Assembly, then the FIDESZ (as has always done since last February) distributes its criticism between the two leading parties.

The SZDSZ concurs with the view that in the final analysis the crisis has been brought on by the inherited difficulties, but it emphasizes that the direct cause of the crisis is that government, or the governing political party, never faced up to the seriousness of the situation; could not and would not develop a political program, and govern in such a manner that there would be a chance for effectively managing the crisis. The manner in which the government, with the MDF behind it, concentrates on creating an ideological monopoly and arousing passions instead of approaching economic problems pragmatically; the way their hunger for revenge forced the best public servants and economic managers out of their posts; the way their backing of efforts to serve proprietorial justice tends to dishevel the agrarian

sector; and the way their self-serving nationalistic rhetoric sabotages relations with the neighboring countries and ruins Hungary's international prestige, show them to be ill-suited for controlling the extremely challenging process of systemic change. Thus, after several months of internal debate, the SZDSZ concluded by February that the country's interest calls for the Antall government's departure.

Even as early as the end of its first 100 days in office, this government received a much more forgiving treatment from the FIDESZ than from the SZDSZ; for example, when the FIDESZ asserted that the government did not commit any irreparable mistakes. It also appears that in evaluating the government and the MDF, the FIDESZ holds the position which was held by the SZDSZ a year ago, at the time of the agreement with the MDF; that is, that the MDF center, grouped around Jozsef Antall, represents a right-of-center platform, and that it should be supported in its efforts to isolate the rightist populists inside the party and out. Just as the SZDSZ did a year ago, now the FIDESZ starts from the position that the Antall-led MDF is capable of governing, and once it wins the elections, it must be capable of governing. An agreement must be signed with it, not by two but by six parties, which strengthens its position, and enables it to repel antidemocratic attacks by the extreme right.

Of course, the FIDESZ cannot ignore the experiences of the past year, which tend to show that the governing coalition is not up to tasks it faces. However, while this observation leads the SZDSZ to conclude that the government must depart, the FIDESZ proposes that we table the parliamentary system.

#### A Parenthetical Parliamentary System

In my view, the FIDESZ-proposal for a six-way agreement is unjustified in its allusion to the Spanish Moncloa-pact. The latter applied to a narrowly defined group of affairs at hand, primarily to the relationship between the state, the employers and employees, to the instruments that could be utilized in this relationship, and accordingly was signed by the government, the opposition parties and the labor unions (that is, labor unions whose strength was legitimized by their membership). Something similar was most recently proposed in Hungary by Peter Tolgyessy at the Szombathely meeting of SZDSZ delegates. By contrast, the FIDESZ proposal is characterized by a smaller number of participants and a broader range of issues.

What does the FIDESZ proposal contain? On the one hand, a suggestion that since present-day legislative activities in Hungary strive to reorganize fundamental economic and political conditions, and thus have much greater significance than what parliamentary majority in a legislative cycle usually has, the rule of such majority should be replaced by a consensus. In other words, the FIDESZ would like to correct the situation created by last year's constitutional amendments, which assigned too few of the legislative actions to the category in which a



two-thirds majority is required to prevail. On the other hand, the FIDESZ would like to see a six-party consensus on such issues of the present government as the shaping of antiinflationary policies, the management of national debt, foreign-trade policies, the direction of our foreign policy, and the organization of the World's Fair. This is nothing less than proposing that the government's program be decided by six parties, and that opposition parties support the government from the outside. Accordingly, the distribution of roles for the government and the opposition would be simplified to this: The government would put the jointly formed program into effect, and the opposition would control the execution of the program. A more logical form would be the formation of a government based on the principles of national unity, which I also have proposed a few months ago. That is not what is contained in the FIDESZ proposal; it, in fact, would make parliamentary democracy inoperative.

Nevertheless, he proposal is popular, because public opinion tends to blame the National Assembly, and the apparently futile parliamentary debates, for the government's inactivity and mistakes. There are many people who would like to see the creation of a national consensus, because they feel that it would usher in the age of decisive actions and rapid results. Moreover, there is a certain validity to Viktor Orban's argument. It makes no sense that our system-building legislation (such as those related to the machinery of local government, or the process of privatization) reflect the will of one parliamentary fraction, and after a potential change of administration everything would have to be started from scratch. After all, these are measures that should stand up for more than one legislative cycle.

Let us make no mistake about this: What Viktor Orban wants to suspend is exactly the choice offered by parliamentary democracy. After all, when British voters during the 1950's, 1960's, and 1970's chose between Labor and the Tories, did not they in fact indicate their preference for nationalization or privatization? Did not France go through a period of nationalization after the socialist-communist victories, only to see the process reversed after rightwing electoral victories? Of course, such a meandering course of action has its own social costs, but that is the price of parliamentary democracy.

To be sure, in our case, when there is a greater transformation is at stake, such zigzags may be more costly than in West Europe. Nevertheless, we should realize that if we want to eliminate those disadvantages, we are also suspending parliamentary democracy.

Why did about half a million people vote for the smallholders' party? To make the party standing for the return of land to former owners eligible for membership in the coalition. Now, if we were to create a six-party consensus on the issue of property relations, then what was the purpose behind the whole parliamentary election process?

The same thing, in fact, applies to the questions of current economic and social policies. Voters who gave

their ballots to the MDF chose a program of gradual, shock-free transformation. In foreign policy, they chose the kind of super-Hungarian tone which characterized the government's foreign policies for the past year. In these regards, the opposition parties represented, and continue to represent, differing views. If a six-party agreement is created to influence the government's policies, then what was the purpose of the election?

There was an opportunity to create a greater coalition, but the MDF rejected that idea. Even today it is possible to imagine a governmental approach differing from the present one; however, the MDF rejects that possibility, too, while the FIDESZ considers it an immutable given. The FIDESZ proposal would create a situation of being on the inside and on the inside simultaneously. I am not saying that this should be rejected; I merely wanted to clarify what we are talking about.

### Three Scenarios

Based on the above, let us define the three possible scenarios that have been expressed in the political debate.

Jozsef Antall feels that the present government is up to the tasks involved in governing the country. The coalition majority establishes the laws of transformation, in accordance with their own preferences. The Kupa program is expected to point to an economic escape route, so that we would not have to fear an increase of social tensions and the breakdown of social tranquility. In this manner, the government could get through the next two difficult years and, just prior to the next elections, there would be an economic upswing and a noticeable improvement in living conditions. The coalition would again win the election and the new system, created according to their concepts, would become firmly established. This is the scenario favored by the governing coalition.

In another article of mine, published in the NEPSZABADSAG this past Wednesday, I tried to demonstrate that this is an illusion. In my view, the optimism of the Kupa program is unjustified, because the growth indicators it contains are lacking basis. Moreover, even if we accept the figures of the Kupa program, they reflect such severe tensions that would endanger the stability of the government as well as that of Hungarian democracy.

This is what the SZDSZ is trying to avoid when it offers a clear alternative to the government's program, and prepares for the time when the governing coalition falls apart. Due to the failures of government policies, and also because many politicians in the governing parties react to these failures with political moves and actions that are unacceptable to other fractions in the coalition, there is a chance that the governing coalition will splinter, which would open the way for the creation of a new parliamentary majority. FIDESZ advisers (previously Gyorgy Such, and now Andras Kovacs) counter



these suppositions with justified cautiousness, saying that on the one hand it is not likely that the governing majority will crumble (past experience shows that it may be kept alive by a sense of vulnerability); and on the other hand this would not necessarily be desirable, since the process of changing government, outlined by the SZDSZ, also contains great risks. The danger exists, for example, that the extreme right (which is now controlled within the governing parties) would become an independent parliamentary factor, supported by extreme right groups outside the National Assembly.

I consider the other version of the SZDSZ scenario more likely. Another traumatic event (similar to the transportation blockade staged by taxi drivers in 1990), which is undesirable but not out of the question, could lead to an internal split within the MDF party elite. As a result, the party could become more amenable to support a newly formed governing formula, with new programs.

Nevertheless, it must be recognized that there are justified objections, and the governmental change proposed by the SZDSZ has its own serious risks.

So, how does the FIDESZ respond to this? It proposes a six-party legislative and governing pact that would preserve the present government and the coalition behind it, although subjecting them to control by an interparty agreement. In exchange for this, it offers the government the support of opposition parties. This would provide the way for avoiding the catharsis of transformation, and the extremists could be kept under the control of the governing coalition's "center." More rational, longer-lived, system-building legislation would be enacted, and the government would have the time quietly and consistently to introduce measures necessary for economic stabilization. There would develop around the government a consensus of political forces, which Janos Kornai himself (writing in his "Impassioned Leaflet"), saw as the precondition for economic transformation.

The problem with the FIDESZ scenario is that it was not written for these players. This solution calls for the partnership of political parties and a governing coalition that are capable of arriving at a compromise and able to adhere to its provisions. The experience of the past year show that neither the MDF nor the Smallholders Party could qualify in this regard.

Even though the MDF position is closer to that of the free democrats, we must agree with the Smallholders' anger evidenced during the debates concerning the laws on landownership and compensation. Jozsef Antall repeatedly violated the agreement between the two parties. It was preposterous for him to insist that he choose who would represent the Smallholders in negotiations. If this is how he deals with his coalition partners, what can the opposition expect of him? Probably the same treatment he accorded their spring agreement; after all, he pushed legislation through the National Assembly on a simple majority basis, thus going against the spirit of agreements concerning the two-thirds requirements.

And if this is how the MDF behaves, then it is vain to expect agreements in areas such as foreign policy to prevent the government from doing something contrary in daily political life, or the "writers" of the governing party from arousing internal or domestic tensions that would put doubts on the consensus reached at the negotiating table.

This is a serious threat, for two reasons: On the one hand, we must expect economic and social tensions to prompt politicians of the governing party to compensate for their frustration through internal and external incitement. At the same time, it would be wrong to assume that elitist thinking, a tendency to create tensions, and a nostalgia for the Horthy era are limited to the extremist members of the governing party; these phenomena can be found in the thinking of leading politicians in the governing parties and can be detected in their slips of tongue.

And finally, we must take into consideration that leaders of the governing party are still dedicated to the scenario first described above, and are not striving to reach a consensus. After all, the framework of normal parliamentary work have always offered opportunities for constructive cooperation. There was no need for masses of government-party deputies to propose amendments to government-sponsored initiatives, they would not have had to query their own ministers, they would not have had to use their voting majority in the committees as well as on the House floor, they would not have had to reject the appointment of bipartisan investigating committees, and they would not have had to organize frequent hostility sessions. If all this would have happened, the National Assembly would have operated more efficiently.

We need no extraparlimentary negotiations to achieve consensus: The National Assembly suffices for that purpose. What is more, it is the National Assembly that is best suited for the purpose. Thoughtful parliamentary work, relying on committee activities, is more suitable for the development of good, well-considered consensus than hasty six-party negotiations. The outcome of such six-party talk, where deadlines prompt a bazaarlike atmosphere of haggling and give-and-take, is best exemplified by the ill-considered manner in which the law on local autonomy was applied to the capital city.

The governing coalition did not strive for a consensus in the National Assembly; why would it do so at six-party negotiations? I am afraid that in order for this government's leaders to accept the FIDESZ-proposed scheme of consensus, and in order to develop conditions in their own parties conducive to the kind of pact suggested by the FIDESZ, we would have to have another traumatic event similar to the taxi strike, just as we would have to have one in order for the second variant to take place: for the governing majority to dissolve and a new majority to develop.

If the governing coalition still agrees to participate in the FIDESZ-proposed negotiations, it will do so without hoping for the same results the FIDESZ wishes to see. This is shown to be likely by the manner in which the government first issued a statement agreeing with the proposal, only to follow it with an interview by the prime minister which reneged on much of that statement. Thus, it could happen that even though the opposition consolidates the government, it will not change the latter's policies and improve chances for the country's economic and political stabilization. Thus, immediately after the negotiations, the FIDESZ scheme will come to resemble the governing coalition's program.

#### Conditional Yes

After considering all this, how can we decide which is more promising; the efforts of the SZDSZ or the FIDESZ proposal? Both are based on uncertain suppositions, and both are fraught with risks. Based on what I have said above, it is probably more difficult to start working with the SZDSZ scheme, but we might have a greater chance to reach real prosperity.

However, it is still worth considering another point. I have pointed at the economic situation as the profound cause for the present political crisis, and the policies of the governing coalition as its direct cause. But everyone knows that there is another important factor contributing to the sense of hopelessness: the public is disappointed in its expectation that the opposition would offer a convincing alternative. One of the causes behind this is the heated rivalry among the parties of liberal opposition. We must ask ourselves: Is it perhaps worth it to support the FIDESZ proposal, if by doing so this rivalry would be abated? I would answer with a yes.

At the same time, we should make every effort to reduce the risks concealed in the proposal; the danger of the FIDESZ scheme turning into a government program. We must make it clear how much we wish to restrict the government's power in exchange for our cooperation. Viktor Orban did not elaborate on this issue; even though it would not be wise to enter a compromise without conditions.

If the proposal calls for consensus-based legislative actions, then let it do so in a consistent manner. If this is the case, then the reform of property relations cannot be made into an exception, and be decided by a majority vote. It can be expected, however, that in exchange for a compromise on this issue the government would withdraw the proposed law on compensation. This could even serve as a condition for the beginning of negotiations.

If the government were to be responsible for the execution of a program that has been developed jointly with the opposition, then the latter could not even be excluded entirely from the government's personnel decisions. Thus, it might be wise to reestablish the parliamentary practice of initiating no-confidence measures against certain cabinet members, political secretaries of state or ambassadors. It would also be advisable to declare that in making

appointments the government could go against the recommendations of advisory bodies (parliamentary committees or county conventions) only in exceptional cases, and only with good cause.

If the proposal's goal is to create a unified governmental program and it expects that the opposition support such a program from the outside, this would also mean that the rules of parliamentary practice would be suspended. This, however, should only be done for a restricted length of time; certainly not for three years. In other words, the proposed agreement could also announce a curtailment of the National Assembly's mandate, and bring up the next elections to, say, the spring of 1992. After all, even in Spain the first freely elected parliament was not in office for four years.

#### FIDESZ's Fodor Calls for Minority Government

91CH0605A Budapest MAGYAR HIRLAP  
in Hungarian 11 May 91 p 7

[Interview with Gabor Fodor, Association of Young Democrats, FIDESZ, board member, by Dezso Pinter; place and date not given: "The Time Has Come for Minority Governance"—first paragraph is MAGYAR HIRLAP introduction]

[Text] The Smallholders should leave the coalition, minority governance under the leadership of Jozsef Antall could begin, according to FIDESZ [Association of Young Democrats] board member Gabor Fodor. The 29-year-old politician believes that Jozsef Torgyan and his associates embarked on a dangerous path, but populist demagogues who have not yet appeared on the stage may represent an even greater danger. In Fodor's experience, neither rightwing, nor leftwing demagoguery would enjoy large scale social support at this point, but situations could arise in which the seeds of demagoguery fell on fertile soil. In Fodor's view, there are some to whom politics represents a struggle in which one has to win or lose, but Fodor represents an entirely different school of thought.

[Pinter] "FIDESZ is a transitional party in a transitional era. In an era of political confusion FIDESZ recognized that if taken too seriously, any given ideology could become a liability. What remains are extremely clever proposals for the management of the crisis that evolved." A political scientist said this about FIDESZ. His opinion is not too flattering, would you like to dispute it?

[Fodor] Decisive ideological differences are fading away between West European parties, and this process is not of recent date. The social organizing force of ideologies which was capable of moving masses has declined ever since the 1960's and 1970's. The previously secondary factors in politics, the personality of politicians, their authenticity, positions taken with respect to specific issues and sympathetic feelings toward a given party,

became primary considerations. This is no different in Hungary, although party formula do continue to be confused after the free elections. By no means should the fact that FIDESZ could not be measured in ideological battlefields be regarded as a certificate of indigence. At the same time we also represent some rather easily traceable values, just think of our endeavors for the full enforcement of human rights.

[Pinter] FIDESZ is not expressly a youth party, it is not the parliamentary mouthpiece of only one or two generations. Which strata do you expect to support you?

[Fodor] All the strata which sympathize with the values we represent; the unconditional respect for human rights, the acceptance of a market economy. We are very well aware of the fact that our voter base is heterogeneous. Some public opinion surveys show that FIDESZ voters are least inclined to support the market. One of the cornerstones of our political activities is to enforce market mechanisms, and yet, a significant number of our supporters who responded ranked the values of a market economy lowest. They assign higher ranks to elements like social security and equality. This also goes to show that a fundamental rearrangements of voters may be expected in the near future, but at this point it has already become clear that our voter base cannot be defined merely on a generational basis. This was also proven in the local elections, a notable proportion of candidates supported by FIDESZ were age 35 or older.

[Pinter] It would be hard to find a more "parliamentary" party than FIDESZ, after all, most of your actions take place in the National Assembly, in committees. Have you given up the idea of expanding your organization, or don't you have time for that?

[Fodor] We have not surrendered anything, our organizations have the power to create communities, and this is what's greatly needed in today's society. But every party, including ourselves, must face the fact that society's enthusiasm for parties has declined. The illusions we recognized prior to the free elections have disintegrated, fewer and fewer people have confidence in the ability of politics to improve living conditions.

[Pinter] And yet you stated not too long ago that the threat of political destabilization was great, but that you were not concerned about extremist views coming to the forefront. Did you change your view?

[Fodor] No, there is no need for that. I recognize some very depressing signs in this country, but these signs also appear in other parts of the world. One can also find anti-Semitism and racism in the United States, France, and Germany, but just as in those countries, these attitudes do not move masses in Hungary either. One must watch these trends, but one really need not be afraid of them. Instead one should fear populist demagogues who may appear in Hungarian public life.

[Pinter] Accordingly, would you say that they are not yet here?

[Fodor] In part yes, perhaps. For example, Jozsef Torgyan and his associates embarked upon a dangerous path. In this country the social situation is very bad and we experience impoverishment. Consequently, actions which incite and stir people with wishful dreams that cannot be fulfilled should be condemned. For the time being, however, I do not regard even these people as the most dangerous ones, although I would not rule out the possibility that they could become most dangerous. I am more concerned about those who have not yet stepped out on the stage, the ones who would emerge in conflict situations that are more severe than what we have today, in the course of economic events and strike situations.

[Pinter] What would they say?

[Fodor] It would suffice for them to promise lower unemployment and inflation rates. And this would amount to left wing demagoguery. For this reason we should try to establish a tolerable relationship with the sober leftwing parties to stand up jointly against demagoguery that would harm everyone.

[Pinter] What do you think is the difference between leftwing and rightwing demagoguery?

[Fodor] Leftwing demagogues would argue that they were being exploited, that we were parasites, that while they worked and built the country with their sweat they did not have either food or work. A rightwing demagogue would construct an enemy image based mainly on racial origins, but would also point out other enemies. These could be former Bolsheviks, Jews, they could be members of some ethnic group who endeavor to exploit true Hungarians. The way I see it, at present none of these types of demagoguery could enlist large scale societal support, and there could be situations in which the seeds of leftwing demagoguery would fall on fertile soil. These are threats which must be fought by every party seated in the parliament.

[Pinter] From among FIDESZ' leading personalities you are regarded as closest to the SZDSZ [Alliance of Free Democrats]. I am not certain that this statement is still valid, because disputes between FIDESZ and the SZDSZ have become poisoned. SZDSZ Executive Director Imre Mecs told this newspaper that FIDESZ was no longer the nice younger brother, but a competitor instead. Did things evolve this way against your will?

[Fodor] We had to count on an ambivalent relationship between the two parties from the outset. We started out from similar territories representing similar values. Both FIDESZ and the SZDSZ regard themselves as liberal parties, but despite the roots which started out near to each other, we held opposite views regarding important, specific issues. We also have conflicts of interest, because there is a certain overlap in our voter base, even though both the SZDSZ and FIDESZ have their own voter constituencies which may be defined with relative accuracy. In recent months many concerns, many misunderstandings, and many adverse assumptions arose in our relationship.

[Pinter] What kinds of assumptions do you have in mind?

[Fodor] In both parties we find a view which holds that it would be best if the other, the competitor would not exist. For this reason, it would be best to incorporate the other party, or initiate an offensive against it. I do not represent this point of view, I am working on establishing a serious partnership between the two parties. The SZDSZ should never have regarded FIDESZ as a nice little younger brother, we were always sensitive about that. We do not regard the SZDSZ as our uncle either, or as our great teacher.

[Pinter] How did you personally react to the increasing number of disputes between the two parties?

[Fodor] I did not stand close to the SZDSZ in general, but to the way of thinking manifested by some SZDSZ leaders. For this reason, my relationship with these persons was good, and continues to be good to this day. Similarly, I did not change my mind in believing that the SZDSZ could be one of our most important partners in the future. We must understand that everyone will have to find his own partner in the upcoming period, and that no one will be in a position to independently govern after the elections.

[Pinter] Accordingly, do you presume a natural alliance?

[Fodor] Yes, I recognize a possible important future ally in the SZDSZ. This does not mean of course that I do not clearly recognize the recent political mistakes made by the SZDSZ. They made a mistake when they took the position that the cabinet must be made to fail, even though upon an attentive reading of the minutes of the meeting of delegates one found out that this was not their real intent. In any event, this is how the mass communication media understood the statement, and the SZDSZ failed to make a correction. I also regard the SZDSZ position regarding the indemnification law as mistaken. It would be a waste to twist and squeeze this issue, the fact is that in many areas FIDESZ pursued better politics than the SZDSZ. The way I see it, the two parties will be mutually dependent on each other in the future.

[Pinter] The way "I" see it, the position "I" represent—you emphasize this several times. Are you referring to differences of opinion within FIDESZ?

[Fodor] Yes, we do have disputes, but I regard this as natural. We formulate our relationship with the SZDSZ based on debate, but we also do the same with respect to the rest of the parties. In my understanding politics translates primarily into communication and into an exchange of minds in which compromises must be made. There are some who interpret politics as a struggle in which one must either win or lose. These are different perceptions. I have much favorable experience in successful exchanges of minds. At committee meetings for instance, I reached the conclusion that it was also possible to cooperate with democratic forum, Christian

democratic and socialist party politicians. Several of these represent an open, tolerant way of thinking, and I sense a certain kind of commonality with them.

[Pinter] You underscored that fact that you were talking about persons.

[Fodor] Okay, then let's take the parties one by one. The Hungarian Democratic Forum is so heterogeneous that it is difficult to do anything with it. Instead of seeking connections with persons, I would prefer establishing relationships with trends within the democratic forum, but I do not know the extent to which such trends exist. It would be beneficial for them to say who belongs to what wing. After all, only the followers of the populist-national trends can be named. The big cross carried by the entire MDF [Hungarian Democratic Forum] is that the party itself is unclear and that it did not discuss fundamental issues. Gradually the Smallholders party will become the tragic creature of Hungarian political life, I have discussed Jozsef Torgyan before in quite some detail. However, one must state that a trend exists within the Smallholders party, which is hard to define in political terms, but is far more sober: the Olah-Omolnar line, with which it would be possible to reach an understanding. They represent a traditional, conservative point of view, but cooperation would be possible because they observe certain standards. One can get along with anyone who agrees to certain rules. The KDNP [Christian Democratic Party] is a faceless party, it does not really have a character, but they have some politicians who deserve respect, such as Laszlo Surjan, Emese Ugrin and Tamas Lukacs.

[Pinter] It is Surjan's view that FIDESZ and the KDNP are consciously preparing for future expansion. He said that "Irrespective of what position we find ourselves in later on, on one side or the other, the country will only benefit from that." Is there something in the making of we do not know about?

[Fodor] Nothing is in the making in the background. All there is to this is that one may assume that these two parties will show much better results in the next elections than in 1990, for different reasons, of course. Otherwise, unfortunately, serious differences of opinion may be expected between the two parties in the course of debating the legislative proposal concerning church real estate.

[Pinter] There is only one party left, that of the socialists....

[Fodor] I regard the MSZP [Hungarian Socialist Party] as a heterogeneous party composed of those who virtually symbolize the old system seated together with politicians who are acceptable to me. It would be desirable if these people found their places in the parliament, and this would not be synonymous with what they constantly fret, with being closed into a ghetto. It is possible to develop good relations with many socialist politicians, and I believe that this will actually occur within a year or

two. Incidentally, I would not rule out the possibility that the socialists score better in the next elections.

[Pinter] I request you to weigh this question, and not to make a prediction: What grave tests will the governing coalition be confronted with in the near future?

[Fodor] It is becoming increasingly clear that the Smallholders must leave the ruling coalition. Once this happens the Antall cabinet could continue to govern in the minority. It would be at the verge of having a parliamentary majority, and it could reach agreements with the opposition regarding certain legislative proposals. A situation similar to the one we argued for, in terms of a grand coalition, would evolve. The country finds itself in a situation in which governance is possible only with the maximum possible understanding. Foundations must be established as a result of continuous compromises. I could not think of a more desirable solution than the departure of the Smallholders and the establishment of a minority Antall cabinet. Aside from the fact that I am highly critical of Jozsef Antall's governance, I regard the present prime minister as a significant person despite his mistakes. I will mention this only for good measure, but supposedly FIDESZ does not want to play any role in such a coalition.

[Pinter] Do you see a chance for reviving an opposition alliance with a new content?

[Fodor] The opposition must present an alternative vis-a-vis the ruling coalition. It should be apparent that it would be important to govern on the basis of compromises which try to move the country toward different kinds of fundamental values, and which enforce different points of views in the framework of legislation. We must show that it is possible to govern in a different way, this is the job of every opposition at all times. If I were part of the ruling party, and the present coalition parties were in the opposition against me, a situation not at all inconceivable a few years, hence, it would be their job to present alternatives. Indeed, voters could make responsible choices only if they thoroughly understood the choices.

[Pinter] In your view, what ideological systems will compete in the next elections?

[Fodor] Just as in developed Europe, we will see a struggle between liberal, conservative and socialist forces. One cannot tell what party formula these forces will develop, the real rearrangement has just begun.

### **German Commentator: Hungary's Prospects 'Mixed'**

91CH0592A Frankfurt/Main FRANKFURTER  
ALLGEMEINE ZEITUNG in German 19 Apr 91 p 16

[Article by Viktor Meier: "Rays of Hope Despite Mixed Prospects: Hungary on the Way to Normalcy"]

[Text] An ever increasing number of Hungarians are finding that, despite high prices, low wages, difficult housing conditions, and some other legacies of 40 years of communism, a "central European normalcy" is slowly beginning to spread in Hungary. The circle of those individuals who are profiting from the new conditions instead of being threatened by them is growing constantly. At the border, one is waved on as though one were already driving within the European Community; it is always the Austrians who are causing the bottlenecks at the crossing points. In Hungary, one occasionally gains the impression that the people already know how to help themselves better than does the government. The government dissipates its strength in affairs which, while prolonging sessions of the Council of Ministers by hours and while providing much material for coffeehouse entertainment, are otherwise of little effect. Important matters, such as privatization and the concomitant compensation questions are delayed because there are too many differences of opinion and the leadership does not always act resolutely.

The Hungarian ambassador to Washington, Zwack, has now resigned; one of the affairs of the country has thus been halfway resolved. As a Hungarian emigre, Zwack had lived in the United States; his family abroad had retained all the trademark rights to the manufacture of "Unicum" liqueur. The government found that, after the revolution, he could render good services in initiating economic relations. It appointed Zwack, who first had to accept Hungarian citizenship again, to be its ambassador in Washington. Instead of placing a professional diplomat at his side, the second position at the embassy was also staffed with a political appointee—a woman historian who was an acquaintance of Antall. The embassy degenerated and everything disintegrated into polemics and quarrels. It seems to have had an impact on Foreign Minister Jeszenszky; a contrite admission came from his ministry, indicating that one would have to proceed more carefully in future personnel policy.

Difficulties involving the Compensation Law stem from Antall's coalition partner, the Independent Smallholders Party. After the Supreme Court, in contrast to the opinions held by the small agricultural landowners, stated that compensation should either be paid for all property confiscated by the communists or for none—in other words, not only agricultural land. Efforts must now be made to formulate the principles governing compensation entitlement in such a way that the state does not go bankrupt. In Hungary, there is a prevailing opinion that countless people were somehow damaged by communism or even by wartime and that it is unjust if now only property damage were to be compensated for. The government thought it had found a solution in planning the restitution of land and small businesses, but beyond that had planned for compensation more in a symbolic form, in the form of coupons which could be used to purchase state property. However, the opposition is now asserting that property which had been confiscated by the Arrow-Cross regime, by the Germans, and by

postwar governments—in other words, prior to 1949—must be compensated for as well. Among others, this involves the property of Jews and Hungarians of German origin. The government does not dispute this principle, but states that it is impossible to solve everything at once. The legislative process has been brought to such a halt as a result of this conflict that the Fidesz Party—the party of the Young Democrats—has proposed the reintroduction of a so-called round table, at which legislative proposals would be prepared prior to coming up for discussion in parliament.

Concomitantly with the ongoing incorporation into the western European world, Hungary can determine, with satisfaction, that its relationships with the countries of the former East Europe, including the Soviet Union, are slowly stabilizing on a new basis. In Budapest, the idea of devoting attention to the project of a joint world fair, together with Vienna, has been revived. Finance Minister Kupa, who, together with Foreign Trade Minister Kadar, counts among the heads of government, has worked out a legislative plan designed to lay the definitive foundations for the functioning of a market economy. Open economic and fiscal questions involving the USSR could, at least, be outlined. The Soviet Union is now ready to partially rescind its orders for goods and to pay for them. This is particularly true of the Ikarus buses; this move has, thus, deflected the crisis in this important plant. The Soviet debt of around \$1 billion remains open; ominously, this amount is approximately equal to the amount which the Soviet Union is demanding as offset payments for Soviet property left behind by Soviet troops withdrawing from Hungary. The Hungarians have little use for this property, which is mostly made up of remotely located barracks and unnecessary facilities. But the Soviet Union has no foreign exchange and it appears that Hungary will have to write off a lot of material in order to restore the previously customary trade volume involving the Soviet Union, at least halfway.

A bright spot is appearing in the relationship between Hungary and Romania. In recent weeks, it is being said in Budapest, the Romanian Government and parliament have provided growing indications of a willingness to accommodate the Hungarian minority in Romania and to also bring about normal conditions in this area. At the Hungarian Ministry of Foreign Affairs, it is being admitted that these relationships were, in practice, often better than they were on paper, particularly in locations where Hungarians made up the majority of the population. Now, the guarantees would have to be created in areas where Hungarians are in the minority within Romania. Whether Romania, as Bucharest clearly intends, can be accepted into the new "triple alliance" between Poland, Czechoslovakia, and Hungary is questionable, according to statements made in Budapest, because Romania has resumed its ties with the Soviet Union, clearly in the interests of finding a solution to the Bessarabian problem, ties which are also military in nature and which no one wants to have anymore in the new East Europe.

The debt forgiveness for Poland was noted in Budapest with mixed feelings. Those who contracted debts with the least amount of care, it is said, and who then simply stopped paying both interest and paying back principal are the ones being rewarded. In the meantime, it is being claimed, Hungary has no intention of plying this road, despite the great debt burden of \$21 billion. Hungary wishes to continue paying interest on its debt, and to pay it back, and thus to retain its good standing. Moreover, about half the Hungarian debt involves Japan and in that area there was not much hope for relief anyway.

### **Torgyan Denies Allegations of Spying**

*LD0706081691 Budapest Kossuth Radio Network  
in Hungarian 0400 GMT 7 Jun 91*

[Text] The probity investigation of Jozsef Torgyan [cochairman of the Independent Smallholders' Party] has established that his name is on the list of secret service agents. This was announced by the Smallholders' Party deputy himself at his press briefing, but he also refuted this allegation. Jozsef Torgyan announced that he intends to reply to the accusations against his person in front of a parliamentary committee and with the publicity of television.

## **ROMANIA**

### **Discussion of Hungarian Issues in Parliament**

*91BA0495B Bucharest ROMANIAI MAGYAR SZO  
in Hungarian 23-24 Mar 91 p 7*

[Transcript prepared by the secretariat of Romania's Senate of conversations with representatives of Transylvanian Romanians on 30 January: "Complaining in the Senate"]

[Text] Considering the event's modest significance, we have already dealt with the Bucharest excursion made on 30 January of this year by the Vatra Romaneasca's Marosvasarhely members in a fairly detailed fashion. We would not return to the affair, if it was not for the fact that their peregrination to the capital city was closely tied to the report issued concerning the Marosvasarhely events.

The travelers were in luck, not only were they able to present their complaints to the country's president, but even the secretariat of the Senate patiently listened to them.

Here we offer the stenographic record of said dialogue, so that each of our readers may determine how serious and factual are the complaints registered by certain leaders of the Vatra.

[Adrian Moisoiu, first vice president of the Vatra Romaneasca's Maros county organization] I would like to tell you that we arrived here with pain in our hearts. In fact, it was that pain that led us to you. The fact that we are here is not the kind of demonstration that the Vatra

Romaneasca organizes or has organized. I believe, you also know that the Vatra Romaneasca does not live by the demands of the streets, and has not destabilized the working process of enterprises. The fact that people came here on their days off, should illustrate that this is quite a different action from any others that brings people to Bucharest.

What brought us to Bucharest this time is the report on the events of 20 March in Marosvasarhely.

It appears to me that events leading up to ethnic conflicts in Transylvania can be broken down into several categories. In the first category would be the events preceding the causes behind the above mentioned report. The second category includes the momentum leading to the explosion of events and the manner in which actions proceeded, as well as the events subsequent to 20 March.

Honored Senators!

There are two aspects to our reevaluation of the Marosvasarhely events. As for the causes behind them, I would like to summarize them briefly, and ask members of our delegation to contribute to this.

To begin with, I would like to talk about certain external causes. At the same time, I would like to emphasize that we are now stating certain things that have not been taken into consideration when the report was prepared.

First of all, I would call external those causes that arose at that time, in the spring of 1990, and are not mentioned in the report. Perhaps it was not considered practical to include them; however, I am thinking of two clear aspects: First, there was the statement made by the French president, Francois Mitterrand. He insulted us with the statement he made at the time; and then I am thinking of the various statements made by the Hungarian Foreign Ministry, and of the various political parties, which at the time were in the midst of election campaign....

[Emil Mesaros] I do not wish to speak too long; we know the truth. Regrettably, the individuals who were commissioned to conduct a correct and decent investigation of the affair, handled the problems in a biased manner.... I would like to speak about the start of the conflict, the arrival of villagers from the Gorgenylvogy region. Everyone asked, why did the peasants from Gorgenylvogy come into Marosvasarhely? In the Austro-Hungarian Monarchy these villages were severely oppressed, and tried to Magyarize them forcefully. On 20 March 1990, these good mountain folks felt that pre-World War I events were being re enacted. They came, because they had children and grandchildren in Marosvasarhely, and they came to defend them.

The RMDSZ [Democratic Federation of Hungarians in Romania] criticized them, and accused them of altercations. But these peasants came with the honorable intention of protecting their children and grandchildren.

However, they were attacked and humiliated on the streets, and of course, they struck back.

In our opinion, this report was not compiled in a correct manner, because two members of the National Salvation Front and one RMDSZ member took part in its preparation.

If the Hungarian leaders tried to quiet emotions at that time, the conflict would not have taken place. But the Hungarian inhabitants were incited to start militant action, with the aim of reinstating the former Maros Hungarian Autonomous Region, because all of the RMDSZ' leaders, the best fighters of the Hungarian cause reside in Marosvasarhely.

We do not wish to see a biased judicial process, and never wished such a thing. What we want and always wanted, and the reason we came here now is to see a decent judicial process, after which a correct report be compiled, in which the facts are stated as they are. Unfortunately, this report was prepared by people who should not have been entrusted with this task.

[Reserve Colonel Judea] I wish to say that I feel badly about this. There were plenty of data concerning the events in Marosvasarhely; these were available on the 20th, when the committee arrived, and I thought that these will in fact be part of the report. I was thoroughly pained by what I saw in the morning of 21 March. I must honestly tell you that the report has a great many shortcoming. First of all, it fails to differentiate between what happened on the 16th, 19th, and 21st.

I must tell you honestly, that the report is not telling the truth when it claims that the height of conflicts was on the 19th and 20th.

The conflict reached its peak on the 20th, and I will illustrate this.

Section One of the NSZIT [expansion unknown] Executive Bureau clearly and factually emphasizes that the events and actions of 16, 19, and 20 March must be investigated, while Section Three states that concrete proposals must be made to the Executive Bureau within 14 days.

Unfortunately, the committee respected neither itself nor the Executive Bureau; I ask you to call them to account for this, because it is not justified that they worked for 280 days on their report. Instead of revealing the truth, it tried to evade it, and eliminate items of evidence.

I have read the report several times and (having the corroborating evidence in my possession) I must say that I was surprised, other than the 58 pages of theory, it contains nothing concrete. As for the 42 appendices, taking up 262 pages, they contain nothing but similar arguments.

As a professional military officer, I feel that the documentation should be sorted in three categories. Fourteen



items in the appendices, on 89 pages, provide neutral information. In addition, one appendix was even transposed. The data concerning the Maros county schools were replaced by those that were issued at the level of the Ministry of Education, which have no relevance to the Marosvasarhely affair.

In the second category we find nine appendices, on 34 pages, listing evidence favorable to the Romanian side, while 24 appendices, on 154 pages, contain data favorable to Hungarians.

We are all familiar with the case of pharmacy No. 28. I can tell you that the law is quite clear. Under the existing conditions, decree No. 100 gave no authorization to post bilingual signs. This measure was issued by the individual overseeing that pharmacy, over the heads of local authorities, primarily on account of pharmacies in two counties, Hargita and maros, where Hungarians, indeed, constitute more than 75 percent of the populace.

Since people were dissatisfied, I gave written instructions to prepare only posters and signs that are approved by responsible committees, bearing signatures of the president and vice president, in accordance with the laws in effect.

When it comes to this pharmacy, they [the Hungarians] admit nothing, and distort everything, even though there exist corroborating statements made by the people involved; only these were not taken into consideration.

I would also like to add that the report avoided a very important issue: the struggle for power. It is no accident that the report ignored this issue.... This was the situation at the time. Mr. Kiraly was present at the meeting of the first group of the Metalotecnica, where he was proposed, or had himself elected, to be president of the "Fraternity" citizens' forum. Here is where the idea of reinstating the Hungarian Autonomous Region arose, and from here it spread. This was an idea that was favored by some and opposed by others. There were not enough supporters for this initiative.

To proceed, on the 24th the president of the local command ordered me to take care of the problems connected with the deceased and the newborn. The mayoral offices had to be put back into operation, and I went to the offices to take care of this matter. However, I could not solve the problem, because not one of the office's staff members were present. Working with former staff members and individuals who were not members of the party apparatus, I prepared a list of names, in order to create a staff for the mayoral offices. We had to have a mayor, in order for someone to sign the required papers.

This was when the problems started. I cite only a few items to illustrate the struggle for power, which prove (along with numerous other proofs that exist at the municipal and county level) that there was no staff meeting at which members of the leadership in office at the time came to an understanding. Given the prevailing

mood of suspicion, this was natural. However, there was something strange, the people did not like the municipal organs elected on 24 March. Initially, they elected a civilian person as mayor, but only for five minutes, because the masses demanded that a new one be selected from the armed forces.

This system was not popular. So we selected 37 individuals; they forced us to increase the number to 95, and in the end the decree settled on 27. It was a great mistake to expand the rule of the National Salvation Front to the economic units and institutions, contrary to the decree which allowed it to operate at the municipal level. That was when the supervisory councils, which should have maintained control over the wheels of government, lost their authority. Anyone with grievances dismissed these councils; and, in addition, considerations of minorities and ethnic groups also arose.

Seven orders could be read in the Marosvasarhely local press. These were published in the Hungarian language, and terrified all persons of good will:

- 1) Administrative separation and autonomy. These were emphasized in the RMDSZ' program documents, too; meaning a demand for complete separation, from the children to parents, from the kindergartens to the university, including, if possible, separate sidewalks.
- 2) Where the majority is Hungarian, the official language should be Hungarian.
- 3) Where 10 percent of the inhabitants are Hungarian, signs should be bilingual.
- 4) Romanians and Hungarians should both be members of management councils, in proportion to the number of nationalities employed by the enterprises. If an enterprise consists of half Hungarians and half Romanians, people should be elected to the management council accordingly...

On the 20th I came to the offices of Mr. Iliescu, and reported these seven problems to him. Mr. President, I am a soldier. There has to be one single order passed on to the rank and file. Which version should I take back to Marosvasarhely? What language should be used on the signs. Today Hungarians display a Hungarian-language sign, tomorrow Romanians will remove that, and so forth. They raised another condition. Officials in these cities must be able to speak and write Hungarian. I asked the president, is this lawful? Of course, we could not continue the dialogue.

Another matter which I was hoping would be solved is that the president was promoted to the NSZIT, and he kept his function at the county, too. He selected a first vice president, General Scriciu. Another important problem: General Scriciu's action connected with the local operation of 20 March was a local operation, because for 14 hours the offices of the municipal mayor were occupied. General Scriciu was held as a hostage, until paratroopers of the Romanian army arrived to free



him. The question is, why? Because a Hungarian Autonomous Region must have a capital city, and tradition calls for Marosvasarhely to be that capital, and all political preparations have been made to that effect. I am talking about the Independent Hungarian Party, the Smallholders Party and the RMDSZ, which considers itself a state within the state, all of them having their headquarters in Marosvasarhely.

Is this mere happenstance? Let us not forget about a problem: Marosvasarhely was visited by 1,200 to 6,000 Hungarians from Hungary, who stayed there permanently; some of them were sent there, others were not.

I hope Mr. Kiraly pardons me, but he was also commuting back and forth; either he travelled to Hungary, or he entertained visitors from that country. What is more, there was a management training center set up in Hungary for the political leaders of the RMDSZ. Among others Mr. Borbely, the deputy, also attended that 14-day course in Hungary. I presented documents proving that that course was conducted under the aegis of the Hungarian Ministry of Internal Affairs.

During one of the meetings of the municipal executive bureau, I asked Messieurs Kiraly and Borbely to tell us about the course, but they said that they were visiting relatives. Was that in fact the case?

What is more, they used computers to record all Hungarian community names, not just for Maros county, but for the neighboring counties; Hungarian names for every community. I see that Mr. Verestoy is smiling; he considers these unimportant matters. Perhaps they are unimportant for him, but they made people nervous.

We tried every kind of dialogue.

On 12 January they met and began to separate the schools. Palfalvi, together with the supervising teachers of all secondary schools in Marosvasarhely, separated the schools. We tried to intervene; this happened on 24 January, utilizing a dialogue between the two schools. Our Hungarian colleagues left the room, as soon as they used up all their arguments. We encountered the same thing at the university and at the other schools. After we forced them to participate in a dialogue, they exited and left us to ourselves. At the same time, the president tells us to continue the dialogue; all right, but with whom?

On 15 March, when they celebrated that certain day, I made a personal report to Mr. Iliescu. In the eyes of the local inhabitants, it is a shame to celebrate that day, which represents the death of 40,000 people. How could we celebrate such a day?

Still, the celebration was approved by the authorities, and we were informed of this through diplomatic channels. Disturbing events took place, right in front of us. The Hungarians got down on their knees with the Hungarian tricolor flag, they were kissing it and bowed before it. I told them that if they wish to do such things, they should do so more discretely, without making such

a big show of it. On 15 March we succeeded in preventing scuffles, but not so on 16 March. A 21-year-old girl was taken to the mortuary, even though she was not dead, and a few hours later she regained consciousness. There were fourteen cases of injured, among them this woman; several people suffered broken legs.

On 19 March I protected Mr. Andras Suto, risking my life in the process. I am opposed to violence. On 19 March there were 13 people wounded: 10 Hungarians and 3 Romanians.

Mr. Andras Suto, who has lost one of his eyes a few years before, became a hero. In other words, the accident took place earlier, under different circumstances, and it was on account of that diseased eye that on 20 March children and 20-year-old young people had their eyes punctured in the lobby of the Grand Hotel. Yet, the honored committee does not mention this episode; where is justice, then? If the events of 19 March were in response to provocation, then those on the next day were organized acts to exact revenge, and the committee did not take care of this issue.

At the time I regretted what happened to Mr. Andras Suto; however, Hungarians neglected to mention that they took a hostage, stole his money, and put a knife to his throat. The report does not even mention this, even though there have been statements made to that effect. The data and the events must be revealed as they took place....

In closing, I would like to say this: Things will not come to a rest until it is revealed who were the culprits on one side as well as the other. That is why I criticized those who were there the first day and evoked violence, to which violence was the answer; but it is not the same thing when certain people occupy the house of county leadership and force the local organs to resign. Gentlemen, it would have been much more correct to tell the truth at that time. This does not mean that there are not any well-intentioned Hungarians in Marosvasarhely; yes, there are. It was not the committee that put out the fires; they went out on their own, and because of what others did....

On 21 March, when I returned, I called for the tanks to be withdrawn, because they were not necessary. I was told to report at local headquarters and at the Ministry of Defense; I do not know why. On 22 March I requested to make my report. On 22 March I even went to see Mr. Iliescu and told him about the seven orders and the events in marosvasarhely, and asked him not to equate the events of 16-20 March.

[Moisoiu] I wish to point out that the atrocities and tensions occurring in Hargita and Kovaszna counties, and the exodus of Romanian populace have been glossed over. A revolution may have taken place everywhere else, but in those places atrocities were committed. Statements could be collected, because our free press did not report any of it. This is the root of the problem, because the report features five or six statements (not in

the most recent appendices), concerning the situation of those persons who left the two counties, those who were glad to be able to leave, those who claim that in fact nothing happened there. We have documents proving that hundreds and thousands left the two counties. In fact, there is a committee that will clarify the situation one way or the other, replacing the statement made by the director of a secondary school, who claims that people wanted to leave, and not because of local conditions....

[Aurel Vuta, vice president of the Maros county branch of the Romanians' National Unity Party] I would like briefly to summarize the facts leading up to 20 March, which the report barely mentions. In December, right after the revolution, a slogan was being repeated in Marosvasarhely, which I personally heard from the mouth of a Hungarian: "Christmas was yours, but Easter will be ours." There were other factors that contributed to the exodus of Romanians from Kovaszna and Hargita counties. In the spirit of the RMDSZ' separatist ideals Romanian children were chased out of schools, historical monuments were desecrated, Romanian enterprise managers were dismissed from their posts, and irredentist and revisionist material were brought into the country by agents of the Hungarian emigre community in the United States and other foreign countries.

Another momentum was 15 March. It is commonly known what Kossuth means to Romanians of Transylvania, and how they feel about that day, the national holiday of Hungary. For us, that day signifies the massacre of more than 40,000 Romanians and the destruction of 230 villages. And then came 16 March, when Romanians indicated their dissatisfaction over the fact that in the Tudor district (where they make up a 75 percent majority of inhabitants), Hungarian-language signs also appeared in pharmacy No. 28. The pharmacist on duty refused to serve a Romanian woman. This caused the demonstration, which was not great in size. People took off toward the county offices, and when they arrived to radio headquarters, a Hungarian individual drove his automobile into the crowd at great speed, and caused severe injuries to 14 persons.

On 18 March, Romanians demonstrated in protest of the above actions that took place since 22 December.

The demonstrators marched all through the city, and when they arrived in front of the RMDSZ' headquarters, there started the throwing of hard objects, the burning, and happened whatever happened.

Then came 20 March on which day the RMDSZ called for a strike at every enterprise. They organized factory guards from among their own members, and did not allow the technical manager to enter the plant, because he is a member of the Vatra Romaneasca, as well as Mr. Suciu, the manager of the Imatex planning department, who was bodily attacked in those days. We have documents proving that certain individuals distributed rubber hoses equipped with metal balls, and iron bars,

that is, they practically armed the people. There were other weapons, too; for example, the belts, which proved themselves to be such excellent weapons. It cannot be said that the residents were preparing for a peaceful demonstration.

[Ioan Vlad, worker at the Marosvasarhely IRA] I will try to capsule the events preceding the strike on 20 March. At every enterprise where the majority of workers are Hungarian, they formed the National Salvation Committees through majority elections, and they directed the actions.

Until 20 March, they carried on political activities. The goal of these activities was to ensure that Hungarians will occupy certain positions of leadership at various levels, and to form cells at the enterprises. There were petitions being circulated on the matter of the secondary schools; petitions calling for the rejection of non-Hungarian employees coming from the other parts of the country. There were 800 signatures on a petition rejecting the hiring of Moldavians at our factory. They scattered Romanian workers so they had to look for work in other counties. Trade union activities at the enterprises took on a definite political character. The peak of this activity was when the Hungarian trade union leaders decided to call for a strike. At certain enterprises where the trade union leaders were Romanians, the plant manager took over and proclaimed the call to strike. They were fabricating iron bars, sticks and the like. The entire economic activity was crippled. The Romanian workers were urged to join the strike. Two weeks after all this happened, we Romanians were asked to identify the organizers of these actions; however, this was soon stopped. Why, I wonder, in view of the fact that certain individuals among them remained unpunished? This summary covers the situation at several enterprises, such as the Leather Factory, the IRA, the Metalotecnika, the IMATEX, and others.

I represent those who ask the question how did the committee prepare and compile its report, even though it did not visit the factories so that it could check certain facts there?

[Eremia Pop, president of the Regen branch of Vatra] Mr. President, Honored Senators: The report is intolerable and has created a tense situation entirely without reason. Since I am from the city, I would like to describe certain aspects which the report neglected to mention; specifically, the travel of terrified Romanians from Regen to Marosvasarhely. These were well-intentioned people who took off for Marosvasarhely, using large-capacity transport vehicles. The report failed to mention that along the route there were places at which the buses were damaged. The passengers did not get off the buses with the intentions to attack, but they were forced to get off, because the windows were broken and bottles with flammable liquids were thrown at them. I personally had seven of my workers suffer head injuries.

Very few buses reached Marosvasarhely, because along the route they were destroyed. The passengers escaped to

the fields, as during the times of rebellions; they were chased, beaten and humiliated by people with whom they previously worked side by side in complete harmony. During the night the buses were burned in Marosvasarhely; but the report does not state who did that.

Time has shown that we lived side by side in a civilized manner; however, it appears that external influences brought on these atrocities. People forgot about the basic rules of good behavior, and that caused the unwanted conflicts, on account of which we now cannot look each other in the eyes. The report states that we broke all rules of civilized behavior. I refuse to confirm this view, which the report placed before world opinion.

[Emil Matei, secretary of the Maros county Vatra organization] If we want to see the Romanian language dominant, then we are called extremists. Throughout their long history, the Romanian people retained their homeland by preserving their language. Romanians guarded their language as something sacred. Laszlo Tokes said: "The Romanian language is the tool of oppression for the Hungarian minority." It is an unnatural state of affairs, when it is officially permitted to speak the language of the minority in a country. Right after the revolution, members of the minority started using the Hungarian language, forced its acceptance in commerce, and refused to serve those who did not speak Hungarian. At the clinics they used Hungarian to write prescriptions; what is more, as the new free trade unions were formed, they started to print membership books and identification papers in two languages. In numerous communities of Maros, Hargita and Kovaszna counties they made the names of settlements bilingual, or started using Hungarian names for them.

Even the signs of police stations, standard throughout the country, were not left alone; they altered them, made the signs bilingual, and did not use the national tricolor.

Leaders of the RMDSZ continued to exhibit their lack of decency. They demanded that the mayor's office change the names of certain streets, so that Hungarians could feel more like they were in Budapest than in Romania. Is this what they mean by limiting the freedom of Hungarians? What can we say about the Romanian minority living in Hungary? Do they have the same rights that the Hungarians of Romania demand for themselves?

[Moisoiu] Let me add to what was said here. In one of his statements he made to a newspaper, Mr. Tokes said: "Romania's new constitution must declare that Romania is multiethnic, rather than an ethnically unified nation." Elsewhere, it was demanded that in areas where members of ethnic minority represent the majority, local offices should be filled by people who are able to speak and write the minority's language. Does this mean that I would have to send my child to a Hungarian school? After all, he can learn to speak Hungarian by playing with the neighbor children, but he cannot learn how to write that way.

Let us return to the issue of schools, since that may be the one that separates us so completely. Throughout their history the inhabitants of Transylvania have been exposed to various cultural influences, in customs and language alike. Can we now implement a cultural separation? The Hungarian-language programs of the Romanian television lie. Mr. Boros said: "We are fortunate to meet again after eight years during which time we could not meet, during which time the theaters were closed." I pose the question, which Hungarian theaters closed? There were six Hungarian theaters during Ceausescu, there are six today. I ask, which theaters were closed? The answer was that the theaters were made multiethnic, and that Romanian theaters were established. Cannot we get along side by side? These aspects were neglected, they are not included in the report.

I also want to mention that the tapes of the Marosvasarhely radio station cannot be found anywhere. That is strange, because the street fighting was directed from the radio station, and the tapes disappeared. The fact itself that the tapes are missing is an incriminating evidence.

[Florin Opreescu] I am an engineer. I used to work at the Bolyai high school; now I work at the Maros county school board.

Why do I insist on saying a few words myself? Because the report put before the parliament, and the way it was put forth, evoked strong hostile feelings among Romanians of Transylvania. When I received the report, I glanced at it the next day, but found only a few appendices in it.

In accordance with the plan for school enrollment, the number of classes at the Papiu-Bolyai high school were increased after the revolution.

We provided a great many statistics.

In accordance with the residential structure, members of the Hungarian minority have the opportunity to prepare in the classes available to them.

As for the atmosphere, I wish to state that when I was at the Papiu-Bolyai high school, after January the Hungarian teachers used to get together and held all sorts of conferences. However, Hungarian is an unknown language to me. In preparation for the beginning of the school year, Attila Palfalvy ordered the immediate separation of educational facilities in Marosvasarhely.

Right from the first month, all sorts of problems arose.

Immediately after the revolution, I was on duty at the school, and I was asked to give permission for three vehicles to park in the school yard. The passengers were travellers, and they came from Hungary. No one thought of anything negative. What they brought were primarily food and other assistance parcels for the school, but there were newspapers and books in the cargo, too.

Since I am not familiar with the Hungarian language, I did not attribute any significance to the entire matter.

However, all sorts of anti-Romanian literature started appearing at the school.

On 17-18 January, the start of the new school year found us in the state of complete confrontation. The problem was formulated in the expression: "Get out!"

I am pained to recall a woman colleague, with whom we used to get along very well before, who now told me: "Get out of here!"

There were a great many slogans circulating. The spiritual peace of teenaged children was destroyed. There was, in fact, serious incitement carried on, which caused tensions in the county. As for the dialogue we tried to initiate at the Papiu-Bolyai high school, the Hungarian educators rejected it, and left the room in unison.

Under such tense conditions, the incitement was continued by the present Senator, Lajos Demeny, who divided the school of health professions in Harghita and Kovaszna counties. In Marosvasarhely Romanian, and even Hungarian, students demonstrated, posing the question, "why are we being separated?"

Nor can the fact be explained that in the community of Saromberke, where there is only one school, Romanian students were not admitted to the school. It was in the midst of such tensions that the preconditions for inter-ethnic conflicts were created. Party leaders could have prevented the conflict.

I am disturbed and saddened that I have to pack my bag and travel here to demand my rights in my own country.

The part of the report dealing with education matters, including the appendices, is far from conclusive; and I believe there are not enough data provided for 18-19 January and 8 February. I would be very interested to learn who forwarded the report to Strasbourg without approval!

[Moisoiu] In the report filed by General Scricciu, the former first vice president of the Interim National Unity Council, the appendices are missing. They were suppressed. That is why these men came here and asked me to put forth their protest.

[Petre Burca] I went with the Marosvasarhely delegation to the Chamber of Deputies, and I feel that we must evaluate the consequences of a report like this.

I am convinced, and this is why I am turning to you this time, that the two legislative bodies must clarify their positions as to the legality of this report. After all, the parliament would act wrongly, if it were to approve a document that was compiled by an undemocratically chosen committee. If they could not complete the report, then it should be augmented, as was the case with the 13-15 June investigative committee. You have noted our opinion on this matter and now, since we do not wish to influence You or Mr. Dan Martian, we ask you to make it possible for the two legislative bodies to take a position

in this case, and determine whether the report is final or it was forwarded in an incomplete state, as was the case with the 13-15 June report.

The Vatra Romaneasca organization wishes to have its voice heard.

[Oliviu Gherman] Copies of the report should be made available.

[Radu Ceontea] I will take care of that.

[Burca] We are not extremists. We do not want Hungarians to leave this country. There have been misrepresentations in this regard. We all get along very well in this ancient homeland. We must find the way for the two communities to live in a satisfactory manner. The truth must be told about the Marosvasarhely events. As for the issue of reliability, it should be made clear that while the RMDSZ was present, the Vatra Romaneasca was not.

[Moisoiu] We would like to thank all of you for using your valuable time to listen to us, and we hope that it will not be necessary for us to come to Bucharest again.

[Alexandru Birladeanu] I listened to your reports with great interest. I know you understand that we cannot get into substantive issues at this time.

I can state that, according to you, the report in question is emotional at the least, instead of being objective. Your statements create that impression. You also criticize the report for being incomplete, for not exhausting the facts, and even that it distorts some of the data. It is quite regrettable to see the first report of a parliamentary committee evoke such criticism, and create the impression that it does not reflect the actual situation. As for substantive matters, we would have liked to hear about concrete solutions that would have brought about natural and friendly lives for all of us.

In considering the report itself, we are wondering what should be done with it? There are two possibilities. One of them is this: You are free to use all available instruments, the press and the media, to make your views known. The other, and we must follow through on that, is a parliamentary debate. There the issue of correcting the report and choosing remarks for inclusion will come up. We shall try to see to it that the debate will be a deep and thorough discussion of the differences of opinion, which we would not want to encounter in the future.

Therefore, we promise that the secretariat of the Senate will analyze your objections, and probably one of the senators will report the issue to the Senate. Mr. Radu Ceontea presented your position to the Senate. We acknowledged it, and will discuss it in the permanent bureaus. I do not wish to discuss substantive issues; those will be analyzed by the Senate. I would like to refer to two points: You asked, why was the report forwarded to Strasbourg before a parliamentary debate? Strasbourg did not want a report that was analyzed by the parliament, but a report prepared by a committee. We forwarded the report in the form it was requested. The

situation was similar with the report concerning the 13-15 June events. In my view, the report will not even be considered. Another point, the committee making the report was not appointed by the parliament, but by the NSZIT.

What position should we take?

Only four members of that committee are members of the parliament.

I cannot begin to tell you what the outcome will be. However, this position must be examined in the parliament. So, I feel we can stop here. We have acknowledged your opinions, and we appreciate them. In closing, I must add that there is a place, there must be a place, where we can live in peace.

### **Voiculescu Defends Late Securitate General Macri**

91BA0629A Bucharest *TINERETUL LIBER*

in Romanian 25 Apr 91 p 3

[Interview with Senator Gelu Voican-Voiculescu by Mircea Bunea; place and date not given: "General Macri Deserved Military Honors"]

[Text] On Saturday 20 April at 1350 three salvoes sounded in the air at the Ghencea Military Cemetery in Bucharest. A honor guard of 54 soldiers wearing black-bordered tricolor arm bands thus marked the departure of the late General Emil Macri. Among the persons who attended the sad ceremony I recognized Mr. Gelu Voican-Voiculescu. I heard people around me inquire with annoyance: "Why did he come?" "What business does he have here?" I approached the familiar Parliament member and suggested a discussion on the topic. He accepted. The discussion lengthened. Here you can read it:

[Bunea] Were you perhaps related? What is the explanation for your presence at Gen. Macri's funeral?

[Voiculescu] No, we were not related. Although people normally go to a funeral when they knew the person and were in some way connected with him, or had some relationship, I did not personally know Gen. Emil Macri.

[Bunea] People around you, men and women, wondered and expressed their surprise to see you among them. How do you explain their reaction?

[Voiculescu] Since there were a lot of people there, over 1,500, you couldn't notice among them people who worked in the former IInd Directorate of the DSS [Department of State Security] and were thus directly under Gen. Emil Macri, who was its chief. Those people were not surprised because they themselves let me know the place and date of the funeral. Before the Revolution my work place was one of the targets of attention of the IInd Directorate and I was one of the subjects they watched. As for the disapproving reaction of some people, I think it was natural against the backdrop of the pain and sadness caused by the death of the regretted Gen. Emil Macri. To many of these anonymous people,

who identify me with the authorities, I could have been one of those responsible for this sad end. In reality, I had no means of influencing Gen. Macri's fate, who was arrested in Timisoara already on 22 December 1989 precisely because he belonged to the group of officials dispatched to Timisoara in connection with the events that began on 17 December.

[Bunea] Do you think that the accusations leveled at him were serious enough to justify such a trial that has been dragging on since then?

[Voiculescu] Unfortunately the judicial mechanism operates implacably and justice is blind. A rigid formalism is mercilessly working without consideration for the fact that the subjects are human. I'm not familiar with the file and the trial elements, so it's difficult for me to judge, but I am convinced that Gen. Macri, who was in charge of a Directorate that handled countersabotage, i.e., economic matters mostly, couldn't have been involved in the repression in Timisoara. Moreover, now we know that in Timisoara the Securitate forces and generally the Interior Ministry forces were not involved in the reprisals and didn't fire even one shot. Gen. Macri's only guilt was that he was there, and the justice of the winners needs scapegoats.

[Bunea] Do you mean to say that all these postrevolutionary trials are unjust and are prompted by vengefulness?

[Voiculescu] I'm afraid so. I don't know who can claim to hold the absolute criterion for justice. The only solution is to rigorously observe the law in a spirit of respect for the truth. The law must be invoked through the most impersonal arguments possible and taking care to avoid subjectivity as much as possible.

[Bunea] I recall that last year, on 20 January, you published a memorable article in our newspaper significantly entitled "Without Passion and Without Hatred."

[Voiculescu] I'm glad you remembered, because you can thus verify the consistency of my position, which makes my presence at the funeral not so unexpected. At the time I didn't think we would go so far with the injustice of these trials.

[Bunea] You think they are so unjust?

[Voiculescu] Yes. Even shameful. It seems to me unacceptable to artificially pin fabricated crimes on people in order to punish them for other offences, having to do with their belonging to the structures of the former dictatorial regime. More precisely, farfetched crimes connected with the events of the December 1989 Revolution are being artificially invoked in order to condemn all the actions of some leaders or executors of the repressive apparatus carried out throughout the lamentable period of the "golden era."

[Bunea] Do you consider everyone equally innocent?

[Voiculescu] Far be it from me such an absolution. There are crimes and crimes. Those that can be fitted under legal offences should be brought to trial. But we should not mix the areas, and just because some of these people's serious wrongdoings, which we painfully experienced on our own skin, are difficult or impossible to classify as crimes we cannot arbitrarily force them into other offences only because they happen to be handy in the Penal Code. This constitutes a proof of immaturity that can seriously harm the new society we want to establish, a society based on legality, freedom, and dignity. In my opinion the idea of a state of law is being seriously compromised and from the very beginning. The representatives of the judiciary, magistrates and judges with tenure, who on top of all that are apolitical, should be worthy of the dignity of their position in society and realize that their verdicts and sentences must not be swayed by either street pressure, or influences from above, or by conjunctures or opportunities of the moment.

In a state of law only consistent observance of the law is the only valid behavior. We cannot be at the beck and call of humoring public opinion, whose mood is notoriously fluid and volatile. We may be easily accused from the outside of judicial farce and inconsistency. After all, this is similar to what was happening previously and constitutes a continuation of the old practice of ignoring justice and committing similar excesses. It means acting like the others, for example: more than certainly if he had not died in detention, Gen. Emil Macri would now have been unjustly sentenced for some obscure and labyrinthine offences, but in reality only for the crime of having been a securitate general and having been sent to Timisoara "at that time," just as in the past, in 1985, I was groundlessly sentenced for some fictitious common law offences only because in reality I had been identified as a potential enemy of the communist regime. Revenge and account-settling, however well disguised from a legal viewpoint, and however many formal artifices may be arbitrarily used, can only extend the past and stir up new sources of dissatisfaction and resentment.

[Bunea] If this is how you feel, why did you not intervene?

[Voiculescu] I tried, but unsuccessfully. My interventions occurred in the conditions of the separation of powers, one of which is the judiciary. That is why, while having full understanding for the pain caused, I felt unfairly targeted by the criticism and resentment of some of the people who attended the funeral at which we met and which occasioned this discussion.

[Bunea] Nonetheless, what do you think should be done in this situation? Many trials are still on the docket...

[Voiculescu] As I stressed on various occasions, I am in favor of a general amnesty, which would be in keeping with the spirit of national reconciliation in which we must live the present realities, looking toward the future rather than always to the past. Or at least a pardon for all

those who have been sentenced so far, and suspend the current trials. We should stop using the terms "securist" and "nomenklaturist" as an accusation; by dwelling on the memory of past situations we do nothing but tread in place and transfer to the present the stench of a defunct period. I do not plead for forgetting, only for forgiving. To me remembering is the same as truth, but reconciliation comes only through forgiveness.

[Bunea] Does that have anything to do with your presence at the cemetery?

[Voiculescu] Since you insist, I will make an intimate confession: if you recall, I told you at the beginning that I didn't know Gen. Macri. Ignorance is at the root of suffering; lack of knowledge is the source of many mistakes...

[Bunea] Should I understand that you wanted to know him at least now, on his last journey?

[Voiculescu] Precisely, because Gen. Macri and I had a relationship: he approved my arrest in 1985, he requested General Iulian Vlad not to have me tried under Article 166—propaganda against the socialist system—because a common law accusation would be preferable, and he appealed to the minister of mines to open a financial investigation in order to fabricate a common law accusation against me concerning some deductions, for which I was sentenced to one and a half years. My penal investigation took five days, while the Securitate investigation went on for seven months (one month longer even than my appeal of the common law trial). Of course, Gen. Macri acted on the basis of the material presented by his underlings. He never knew me, except from the hybrid reality of the documents in a file. No doubt if Gen. Emil Macri had known me personally I would not have been sentenced for nothing. But there was no time, it was not fated... In my turn, I didn't want to talk about him in relation to myself without meeting him personally, but since he was kept there, in Timisoara, it wasn't possible. Once again, it was not fated...

But I wanted to meet him at least now, and my presence on this occasion erased any enmity between us. Although I never actually hated him, I think that now everything has been settled between us. Death erases all hostilities and smoothes out ephemeral passions between people. Look there, you can see two or three former officers who were directly responsible for my arrest. (One actually carried it out). You see, now we greet each other naturally and, in the eyes of the anonymous crowd, some of them deaf with hostility, they are acting in solidarity with me. What happened, happened. What fault does each one of us bear that fate cast us in such roles? Here, at the cemetery, we are no longer on that "stage." So I came for the intimate purpose of making peace with Gen. Emil Macri, who advised my arrest in 1985. And I came because he himself died in prison, the victim of a flagrant injustice for which I feel indirectly responsible. By praying to God to accept and ease the soul of the dead

I also begged forgiveness for my small part of involuntary contribution to this tragic end. Before death, which I in a way view as a release, all resentments cease and all passions and conflicts pale and recede into serenity.

So on this sad occasion I finally met Gen. Emil Macri. He is thus no longer an abstraction for me or a fatal signature and has become a person. A person who lived, with his qualities and shortcomings, in one word, a real person who fully deserved military honors and the solemnity of a ceremony worthy of a great soldier. I was glad that he was buried according to the Christian rites like any Romanian, with a priest and a memorial service. God rest him in peace!

### **SRI Urged To Reveal Securitate Links**

*91BA0726C Bucharest ROMANIA LIBERA  
in Romanian 8 May 91 p 2*

[Article by Florin Gabriel Marculescu: "The Truth as the Only Chance for National Reconciliation"]

[Text] With a carefully calculated delay of "only" three weeks, in the evening of 3 May TVR [Romanian Television] aired the tape of the meeting held in Eger (Hungary). That was the day after the Senate began examining the draft bill on Romania's national security and on the eve of the opening of debates in the Chamber of Deputies on the same topic. We must also note that both chambers' agenda also features a draft bill on the organization and operation of the SRI [Romanian Intelligence Service]. We wrote before about these two draft bills and we will continue to write about them because, in our opinion, they are designed—evidently under the mask of democracy—to reaffirm the omnipresence of the Securitate in the posture it has had for the past 45 years, namely that of sole power in the state and as the genuine backbone of communist totalitarianism. Essentially KGB-like at its beginnings, the securitate began to sing hymns to nationalism when Ceausescu came to power and it culminated in what Paul Goma defined in memorable words: "Romania is a country occupied by Romanians." In order to make the two draft bills more easily digestible, the securitate thought it wouldn't be bad to rekindle the flames of blind nationalism, once again suggesting to us the danger of territorial dismembering. That we don't agree with what occurred in Eger goes without saying. However, the extremism of individuals that represent no one but themselves can certainly not be viewed as a threat to our country, nor can it be promoted to the rank of a parliamentary dispute. Extremism, from whatever direction it may come, must be calmly and judiciously rejected. What we have here is a maneuver of a disconcerting simplicity. It is based on the ease of propagating and inflaming nationalistic sentiments in a human environment overwhelmed by moral and material poverty. However, hiding behind the screen of clamorous patriotism are the interests of the same dark and omnipresent forces that managed to derive enormous advantages from their own scenarios. The recipe did not fail either in Tirgu Mures or in Bucharest

in June. Consequently, it is suspicious that the Transylvanian diversion should be back on the agenda precisely at this time. The subject is far too extensive to be exhausted in a few lines. But what we think is significant is that TVR devoted almost the entire slot of the Parliamentary Life program on Monday evening to speeches generated by the skillfully woven net of nationalistic diversionists. In exchange, it didn't earmark even one second to the address of Claudiu Iordache (FSN [National Salvation Front]—Timisoara) who called attention, in words of a rare clarity, to the role that the feared securitate continues to play, counting on our own turpitude. In view of the fact that it was one of the most important speeches delivered under the dome of Parliament, we will devote appropriate space to it and cite all the passages that seem essential to us:

"Romania's general situation shows that the development of the entire society is at a critical stage, and especially that overcoming this stage is too much for a single person, a single party, or a single social category. We are uncertainly advancing toward a future burdened by the sequels of our entire communist past. Do we have the political will to answer the questions arising from the years of dictatorship? Unfortunately too few among us do, because the oppressive years of a painful, arbitrary, and loathsome rule have managed to taint with guilt the biography of each one of us. The illegal access that a handful of people had to the files of this past gave them a tool that enables them to keep alive the resignation, obedience, and fear of many. Many intellectuals, lawyers, judges, prosecutors, officers, and journalists are still carrying out orders coming not from the legal authorities, but from dark powers. All of East Europe presents the spectacle of such dangerous blackmail practiced with secret documents from the past. Uncovered deputies leave parliament and state dignitaries are resigning; both there and here politicians continue to be at the beck and call of those who have access to the archives containing their biographies. Consequently, I request the SRI to issue a public declaration showing how the enormous securitate apparatus was dismantled. I request the same institution to issue a report on the legal procedures by which access was permitted to the documents of the former securitate. There are indications that the doors continue to be open between the employees of this national institution and colleagues who were left outside of it. The publication of those notorious disclosures in RENASTEREA BANATEANA provided involuntary proof of the fact that members of the special services gave the newspaper in question the necessary "information material." And that was not the only case. Extremist publications fully enjoy unlimited and almost overt access to the biographical cards of those they view as undesirable. I believe that the time has come for the commissions of the Chamber of Deputies to take steps to immediately investigate these far from legal connections. I suggest that SRI publish a magazine of its own in which to air everything it wants to bring to the attention of the public, instead of delivering information to papers that are in fact the notorious fiefs of unremittingly immoral



consciences. I also suggest that the decision to conserve the securitate archives not be taken as long as the names and actions of the torturers of December have not been identified. I have left for the last the proposal to form a parliamentary commission which should be mandated to check the files of the members of the two chambers of the Constitutional Assembly. The health of the entire Romanian society requires an identical procedure concerning the executive and judiciary dignitaries, as well as the fake participants in the Revolution, among whom securitate informers were infiltrated at the time, and whom we can no longer allow to pose as heroes of those tragic days. I think that in order to be completely free to exercise their prerogatives, people who hold state office must have a clean past, otherwise vulnerability to political blackmail will prevent them from really representing those they are supposed to represent. While countries that shared our East European communist fate believe that people who had no more than the weakness to collaborate with the securitate cannot be allowed to operate at the higher rungs of power, in Romania this unnatural situation is still acceptable. We have thus arrived at an 'era of national reconciliation' in which amiable torturers fraternize with their generous victims for the 'good' of Romania's future. Evidently no effort of imagination is needed to understand that this is not the natural path to a profound national reconciliation. The natural path is only the path of truth."

We have learned that the above statements have been included in a motion that so far has been signed by Deputies Claudiu Iordache, Cazimir Ionescu, and Petre Ninosu (FSN); Mihai Stoica (FSN-20 May); Daniela Crasnaru (independent); Victor Cevdaria and Florin Popescu (Ecology Movement of Romania); Tudor Marius Mihail (Romanian Ecology Party); Luchin Milencov (Democratic Union of Serbs in Romania), and Carol Ivanciov (Bulgarian Union). We will continue to carry the names of those who will in the next few days join this motion. It would be a good idea for the TVR, too, to present this important parliamentary initiative.

## YUGOSLAVIA

### Tudjman Comments on Situation in Croatia

91BA0658A Ljubljana DELO in Slovene 4 May 91 p 20

[Interview with Croatian President Franjo Tudjman at his residence by Peter Potocnik; date not given: "Peaceful and Resolute"—first paragraph is DELO introduction]

[Text] We met with the 69-year-old President of the Republic of Croatia, Dr. Franjo Tudjman, in the 182-year-old place of the former Croatian bans, which is also his residence. Our host's time was strictly limited, and therefore we could only fleetingly register the splendor of the Ban Courts, from which the view of Croatia is truly fantastic. It is disturbed only by the policemen with loaded machineguns beyond St. Mark's Church, in front of the Croatian parliament building, who are a symbol of

a different Croatia, the real one. We talked with Tudjman before the events in Kiev.

[Potocnik] During the first few months after the uprising by the Knin Serbs you were emphatically stating that the HDZ [Croatian Democratic Community] had not done anything to cause Serbian resistance in Croatia. Your excessive tolerance of everything that happened in Croatia after 17 August and is still happening, however, essentially refutes your previous assertions.

[Tudjman] By no means. I ask you, wasn't it precisely through a peaceful policy that we succeeded in convincing people even in the rebellious opstinas and elsewhere in Yugoslavia that we were in favor of democratic settlement of all types of disputes, including those caused from outside, such as the Serbian rebellion in the case in question. At the same time, however, we are resolute in defending Croatian sovereignty and territorial integrity. And, as you yourself noted, after the events in Pakrac and Plitvice the situation began to settle down somewhat, although....

[Potocnik] It is necessary to be realistic and admit that currently Croatian authority is not functioning in a third of its territory, and more than half of Croatia is an area in upheaval, where the army, which has demonstrated its support for the Serbian rebels' plot ever since the beginning of the Serbian uprising, is now flaunting itself.

[Tudjman] I ask you, what would we have accomplished if we had tried to suppress the Serbian rebellion by force?

[Potocnik] You would have prevented it from spreading from its epicenter in Knin throughout the entire ethnically mixed area of Croatia, and you would have established jurisdiction from Knin to Vukovar....

[Tudjman] Perhaps that is true, but after a civil war with a considerable number of innocent victims, and after it we would count the dead and attempt to live in peace and poverty, but in truth it would be extremely difficult even to moderate the immeasurable enmity that would erupt with a war. Our peoples are too intermingled to risk a war to establish order and peace throughout all of Croatia's territory. This particularly applies to the Croats and Serbs. And, as you emphasized before, it is necessary to be realistic.

[Potocnik] It seems to us that you are overestimating the Army's power and its threats. Actually, the JNA [Yugoslav People's Army] has gained ascendancy because of Croatia's constant defensive policy; otherwise, in one way or another we could speak of the paper kite that the Bolshevik part of the federal Presidency is constantly flying over Croatia, under the pretext of a threat to Serbs.

[Tudjman] If we had not demonstrated our readiness and determination to defend ourselves against a possible attack from the Army, then we could talk about a paper kite in the service of the "wolfish policy." When we showed and proved that as the victors in last year's elections we were conducting a democratic policy that



the world supported, and that we would defend ourselves, with weapons in our hands if necessary, we also forced the hawks in the Army and in Yugoslav politics to think differently, and not to cause bloodshed and the collapse of the Army and the state, which in the end would have primarily been a defeat for them.

[Potocnik] It is true, as you say, that the Serbian rebellion in Knin was caused by Belgrade, but the question is whether the solution for it actually lies in Belgrade. We have in mind your mysterious meetings with Serbian leader Milosevic, which are upsetting the non-Serbian and non-Croatian peoples, as if you were going to settle the Croatian-Serbian dispute at their expense.

[Tudjman] I really do not have any ability to prevent the very diverse speculations that are being woven in connection with the contacts and talks with the official, legitimate leader of the Republic of Serbia. Actually, in those talks we discussed our views and Serbia's on how to resolve the Croatian-Serbian conflict, on which overcoming the Yugoslav crisis depends to a great extent. In this regard even Bosnian leader Alija Izetbegovic stated that it was quite normal for the presidents of Croatia and Serbia to talk about all this. We did not deviate by a millimeter from our campaign promises that Yugoslavia could only be formed into an alliance of sovereign republics, states, and that if we could not conclude such an agreement, peaceful separation would be better. At the same time, we wrote and said in the Croatian constitution, in these and other talks, and in the resolution on scheduling the referendum that we will hold on 19 May, that we are ensuring that Serbs and the members of other peoples and nationalities have cultural autonomy and complete equality with the Croatian people.

[Potocnik] Recently Croatian official policy has only been talking about a confederation, but you also offered people the possibility of deciding in the referendum on the present federation, i.e., the kind of state proposed by Slobodan Milosevic. Isn't this, consequently, one of the proofs of a cooling in Croatian-Slovene relations, which you otherwise frequently cite as exemplary?

[Tudjman] Not at all, since we are now taking the same position, since we are jointly seeking possibilities for the formation of an alliance of sovereign states. And if we do not succeed in our joint intention, then we will probably adopt an identical or similar decision, at almost the same time, on disassociation from Yugoslavia.

[Potocnik] It seems, however, that Croatia's firm position on parting from Yugoslavia if Slovenia says goodbye to it may mean or at least be understood as a sort of Croatian obstacle in the way of Slovene independence, as pressure upon Belgrade to use "all available means" to prevent Slovenia's departure from Yugoslavia.

[Tudjman] Not at all; actually, someone could conclude instead that even in Croatia we were fighting for the Slovene policy. Above all, it has to do with the fact that we are very seriously aware of our position, of the

Croatian people living outside Croatia, with whom their motherland was not concerned enough in the past. Nevertheless, if Slovenia has to leave Yugoslavia under pressure from Belgrade, we will have to do the same, regardless of the above-mentioned fact. Otherwise, the Greater Serbian policy would have more opportunity to pressure us with all its force, in the spirit of the well-known Memorandum Plans for a Greater Serbia.

[Potocnik] Perhaps what you just said will incite the Serbian rebellion in Croatia and force you, so to speak, back into the Yugoslav cradle?

[Tudjman] Perhaps you may think so, if you do not take into account the historical facts, among which, in regard to the Greater Serbian appetites, one should not overlook the truth, that Croatia entered the Kingdom of the Serbs, Croats, and Slovenes with a territory that extended to Subotica and in the south to Boka Kotorska, and then, even in old Yugoslavia, there was not any sort of political autonomy for Serbs, etc., on Croatian territory. In spite of that, we are firmly against any attempt to change the internal borders in Yugoslavia.

[Potocnik] And in spite of that, you are more of an optimist today than at the time of your victory in the elections a year ago?

[Tudjman] Of course, since we have our own republic, which is a reality and which is recognized by the world.

[Potocnik] There are different opinions about that, especially if we take into account the desires and recommendations of the United States and the EC regarding the unity of Yugoslavia.

[Tudjman] Look, possibly Croatia is the republic that has proved to the domestic and foreign public that it can conduct an independent policy, because we are also taking the international aspects into account. And I can emphasize that the HDZ is conducting the kind of policy that is based on the domestic and foreign situation. It is precisely that kind of policy that the democratic world has to support, for its own pragmatic reasons.

[Potocnik] Because of the political problems in Croatia, the economic ones are unjustifiably being talked about as a neglected topic. The Serbian rebellion alone, according to incomplete data, has caused about \$2 billion in direct damage, and the economy is virtually facing a complete collapse. Is there still time for a solution?

[Tudjman] It is true that the consequences of the Serbian rebellion are forcing us to the ground, and that we inherited the kind of nonmarket socialist economy that actually broke up the Eastern socialist bloc because of its inefficiency. Nevertheless, we have begun to resolve matters by converting social property into private property, and our most capable countrymen are returning, who, with their knowledge, experience, and capital can help not only in overcoming the present difficulties, but also in achieving economic progress. Although the Yugoslav political and state crisis is interfering with our plans

for all this, our people are already returning; the arrival of former Minnesota governor Rudi Perich, who has become our government's top man for foreign investments, can be a paradigm for the return of Croatian emigrants. Nevertheless, regardless of how matters will be arranged on the territory of today's Yugoslavia, Croatia is finally on the road toward democracy and a free market, and has become an integral part of the Western world that it once belonged to before.

### Goals of Party of Democratic Reform of Slovenia

91BA0748B Zagreb DANAS in Serbo-Croatian  
21 May 91 pp 10-12

[Interview with Dr. Ciril Ribicic, president of the Party of Democratic Reform of Slovenia, by Gojko Marinkovic; place and date not given: "Serbia Wants War"—first paragraph is DANAS introduction]

[Text] Slovenia was the first of our republics to hold multiparty parliamentary elections. A year has passed since the party in power previously, the SKS-SDP [League of Communists of Slovenia-Party of Democratic Reform] lost the election and turned over power to the coalition Demos. The anniversary of the formation of the Demos government was just a pretext for an interview with Dr. Ciril Ribicic, president of the strongest opposition party, a man who actually opened up a new page of our history when he decided to walk out of the 14th LCY [League of Communists of Yugoslavia] Congress.

[Ribicic] We are proud that we have made the transition to a multiparty system and parliamentarianism even without great tension, not to mention casualties. It was our assessment even then that it would be good for us to go into the opposition for a time. To be sure, our goal was not to be the opposition, but to be one of the first parties to enter into some left-wing coalition. We did not manage that, we experienced a defeat in the election, but later it turned out that there would not have been a peaceful development of democracy without our departure, as is confirmed for that matter in Serbia, Montenegro, and Albania.

We have behaved very fairly. We have waited out the first 100 days of the parliament and allowed the new government to consolidate, to propose its program, to get organized. After that, we formed a shadow government. We began not only to criticize, but also to offer alternatives. But now that 300 days have passed, we have drawn up an assessment of the government which is highly negative. It is no longer a question of initial mistakes, but of a wrong orientation which is harmful to Slovenia. Priorities have been set all wrong; instead of concerning itself with development programs and reforms, the government is emphasizing the past and gaining Slovenia's independence at any price regardless of the adverse consequences. We have abandoned, then, the position of a constructive opposition, and now we are a real opposition. We have expressed our lack of confidence in the

Demos government and proceedings on that are now being conducted in the Assembly.

[Marinkovic] But it was your party that radicalized the issue of Slovenia's independence, and Demos simply took over that slogan.

[Ribicic] We went into the elections with the slogans that we favor a policy that is both resolute and reasonable at the same time. Demos is in favor of the first part, and it has not so far proven that it is in favor of the second part.

[Marinkovic] Is your party ready to enter into some new governing coalition?

[Ribicic] Yes, provided Demos essentially alters its programmatic orientation, including the question of gaining independence. We have many objections to the neoconservatism of the present government. We favor a state of social justice, a state which also includes the interests of the workers, self-management and participation, and that as an integral part of economic activity, not as some kind of obstacle to successful business operation.

[Marinkovic] What is the background of the big changes in the government? Did you yourself have something to do with them?

[Ribicic] Demos made those changes itself. That is, one of the shortcomings of the present government is that it did not come into being on the basis of some common development program, but is more turned to the past and to the shortcomings of the system we had until that time. Basically, this was more a division of power than any compact government.

[Marinkovic] On what do your party and Demos actually differ with respect to Slovenia becoming independent?

[Ribicic] There is no difference on the basic goal of our becoming an independent and self-sufficient state, as incidentally was shown by the plebiscite. But it is clear that that result would not have been what it was if we had not joined in that agreement, if the question had been put differently: Who is in favor of secession, and who favors confederation? But it was intentionally put so that advocates of confederation would also be among those 90 percent. Where we have always differed from Demos is that from the very outset they have favored secession at any price, a unilateral secession which is to be carried out immediately. We have felt that that would be a disaster and that independence should be gained in such a way as not to interrupt economic flows with Yugoslavia, so that it does not result in international isolation and does not prevent establishment of a confederative tie with Yugoslavia. We have called for agreements reached in Yugoslavia to be respected, and not to say every time something happens—when the balance of power changes, when resignations are submitted and withdrawn, when Croatian-Serbian relations become tense: Eh, now is the time to leave Yugoslavia. There are many reasons why we should not be hasty in deciding on

unilateral secession, and one of them is that this would essentially upset the already negative ration in the federation of 4:4.

[Marinkovic] Before the elections in Croatia, Slovenia was the one under attack for breaking up Yugoslavia, especially after the walkout from the 14th Congress. Today, it is evident that there are forces in Slovenia interested in a new agreement. What has happened to account for the move from the radical demands for dissolution to these less severe positions?

[Ribicic] Walking out of the congress was a necessity, as shown by the fact that even now we cannot cooperate with those forces with which we parted company at that time. So, nothing is changing in the attitude toward the bureaucratic, dogmatic, and centralistic concept of Yugoslavia. It is in the interest of our party and Slovenia that in recent months we have been attempting to create new ties on a new basis regardless of how the Yugoslav crisis is resolved. After all, we would still like to have on our eastern border good and friendly ties, especially with those who have a left-wing democratic orientation. Today, we have the best relations with two parties: the Croatian SDP [Party of Democratic Reform] and the Italian Democratic Party of the Left (the former PCI [Italian Communist Party]). But also with the Italian Socialists and with more and more parties in the other Yugoslav republics. Here we are not doing anything that would be reminiscent of the old ties and dangers of subordination through being outvoted and so on.

[Marinkovic] Reproaches are coming ever more frequently from Croatia to the effect that Slovenia is not exactly a faithful ally.

[Ribicic] I think there is a rather pronounced opinion on both sides that that alliance is temporary. That is not a good thing, because it is in the common interest of democratic forces for us to have good neighborly relations. The distrust on the Croatian side also occurs because the interests of Croatia are not being sufficiently taken into account, and here the particular reference is to the speed at which Slovenia is to become independent. This is put differently in Slovenia: There is suspicion that certain possible alliances could be detrimental to it. It is my opinion that what we have painfully built over the years ought not to be forgotten, but it is becoming increasingly difficult to advocate that because the majority thinks that Serbian-Croatian relations are becoming more strained, and then there is the unresolved Army issue here, and there are fewer and fewer possibilities for all that taken together to be rapidly resolved. It should be understood that people are not ready to wait indefinitely, and in a way they are making sacrifices on that account. From that standpoint, it is becoming increasingly difficult in Slovenia to advocate any Yugoslav option whatsoever, including a confederation, especially when we know that we have great economic difficulties, which at least in part have been caused by the fact that there has been an interruption of economic flows in the country.

[Marinkovic] It has long been said of Slovenia that it has been trying to turn people against the Army. Now we even hear demands that Slovenian young men not do their military service in the JNA [Yugoslav People's Army], but in their own republic, which means that departure from the JNA has been proclaimed before leaving Yugoslavia.

[Ribicic] I do not know what comes first and what does not. But I favor a process of assuming independence in which we move in quite small steps, rather than making radical and large incisions and adopting great resolutions, declarations, and the like. At the same time, it is also understandable that there should be a gradual change toward the JNA as one of the steps toward independence. I do not think that we were able in the previous period to avoid all conflicts nor all strains and tensions with the JNPA, but it is a fact that large tactical and other mistakes were made, including mistakes that unnecessarily pushed the JNA in the direction of coming together with the political option that has the greatest support in the Republic of Serbia. I think that that was unnecessary, and now we are seeing the kind of adverse consequences it has had, when the opportunity was there to proceed much more peacefully and seriously. Our government did not have a sense of that, nor did it show an interest in reaching agreement and talking with representatives of the Army and federal authorities.

[Marinkovic] Is there an awareness in Slovenia that civil war is knocking at the door?

[Ribicic] There is certainly an awareness that civil war is on the threshold in Yugoslavia, that to some extent it has already begun, but there are many illusions, and people believe that it could not actually happen to Slovenia. There are quite a few illusions that we can avoid this, that we will not feel it, that if war breaks out we will become independent and in that way remain untouched. The fact is that Slovenia is in a different position because of its rather homogeneous ethnic composition, but in spite of that we will feel exceedingly every strain, especially armed struggles anywhere in Yugoslavia. We know how much we felt the disputes in Kosovo, which means that we would feel those that come closer far more severely. For example, on May Day I was in a private tourist facility near Nova Gorica where the Italians did not come to lunch on Sunday because of the situation in Croatia, and this is only 20 km from the Italian-Slovenian border. It is truly an illusion to believe that we would not feel a possible war, so that we are exceedingly interested in a peaceful resolution of the Yugoslav crisis, and we ought to make our contribution to that peaceful resolution even though we have decided on a more independent road for ourselves.

[Marinkovic] By refusing to accept Mesic as president of the SFRY Presidency, however, some people seem to be trying to bring about a military conflict.

[Ribicic] Some things in the past did not seem in advance that they would produce great trouble, tension,

and conflict. But for the first time I have the sense that I can say with 100-percent certainty that this is a case when tensions were increased deliberately. After all, it is clear to everyone that preventing Croatia's representative from becoming president means nothing other than causing a direct conflict with the republic and all others who supported that nomination. It is clear that this is a pure formality in constitutional law, that it was only a question of formally establishing that it is Croatia's turn and that its representative is Mr. Mesic. Anyone who opposes that election—if he is thinking seriously and if this is not just some tactical warning or repayment of some old debt—is deliberately increasing the tension and deliberately causing conflict.

[Marinkovic] It has become customary in our country for some of the republics to recognize the federal constitution and laws sporadically, only when it suits them. Incidentally, that is also the case with the election of Mr. Mesic, and that from several angles. That is, Croatia had already adopted a decision to the effect that federal statutes are not valid on its territory, and then here it is fighting feverishly for the post of president. But both Croatia and Serbia have adopted constitutions which are in contradiction with the federal constitution, but the issue is being raised only because of Croatia.

[Ribicic] Yes, the Serbian Constitution mentions Yugoslavia only once, and that in the sense that federal statutes will be respected in the transitional period if they are respected by others as well. So, it is a fact that Serbia and Croatia have in their constitutions, and Slovenia even earlier in its 1989 amendments, have adopted statutes which are directly contrary to the SFRY Constitution. Legally, the matter is clear, this is a legal fact. But it is also a political and legal fact that it is possible to seek a change in the constitutional order by appealing to the right to self-determination. It is a fact that Slovenia has long insisted on consensus and has been preventing adoption of certain constitutional amendments by invoking its veto. I was against that, because I felt that differing premises should be honored, solutions should be sought in asymmetry, and the units that have existed up to now should be given differing status in keeping with the difference in interests. I do not see why that would be theoretically impossible, although the issue is quite a real one, because one part of the country, Slovenia in particular, is interested in economic cooperation, and others are interested in certain other things, in another kind of benefit which they might obtain in that kind of common state.

[Marinkovic] But we have already had asymmetry and still have it under the SFRY Constitution.

[Ribicic] Yes, Serbia has had a special position, but the provinces were also a constituent element of the federation, and even now it has three votes. It is a pity that the idea of asymmetry was not fully adopted, because now we would have had better experiences. I remember when I proposed that, I was attacked by both the federalists and confederalists. The former because I was breaking

up the unity of the country, and the latter because this was a transitional solution, somewhere in between. I nevertheless felt that that was its advantage; because it would have shown where our common interests lie.

[Marinkovic] Even you in Slovenia have an asymmetrical situation. Demos has a majority in the parliament, but the president of the Presidency is Milan Kucan, a member of the SDP who, it is true, has let his membership lapse.

[Ribicic] First, it is not true that he let his membership lapse. There were ideas to that effect, but he was only dismissed from membership in the LC [League of Communists], but he retained his membership card. So, he is a member of the SDP and was our candidate and the Socialist candidate in the election. Polls show that people recognize him quite well as our member, even much more than some people in the very top party leadership. By contrast with Croatia or Serbia, we do not have a president of the republic, but only a president of the Presidency, but the fact is that Kucan, by contrast with the Demos officials, has tried and is trying to work in the interests of all citizens regardless of whether they voted for him or not. Because he announced that he would operate that way from the beginning, there is the impression that he is acting apart from parties and above parties. Our president has much smaller powers than, say, the presidents in Croatia or Serbia, because all the essential decisions are made in parliament by a two-thirds majority and agreement of the parties in that area where the Presidency is most active, and that is the issue of independence. Other areas, such as internal affairs, defense, and the like, are firmly in the hands of the Demos majority. So, it is difficult here for the president to maintain any balance, although he has been doing rather well in that respect.

But we also have another asymmetry in Slovenia. The coalition in power is tightening the screws more and more, it is controlling authority more and more, it is more and more taking all the levers of power in its own hands, while on the other hand it is losing the confidence of the public, and I think it is already in the minority. When someone is already in the minority, if he assumes that he cannot win the next elections, then a very serious political situation comes about in which he desires to retain that power as long as possible and in any way possible.

[Marinkovic] Does that mean that new elections will be scheduled soon because of pressure from the Slovenian public, or will the parliament itself schedule them?

[Ribicic] Polls show that the Demos leaders are not popular in Slovenia, and although many officials are trying to be neutral and not establish ties with our party as in the past, our reputation is growing in the sense that individuals are trying to come close to us because they feel that through us they might again gain important places in some future. The time is ripe to be thinking

about new elections, but the most normal thing would be to adopt the new constitution.

[Marinkovic] But Demos is dragging its feet with adoption of the new constitution. Is that because it is afraid of losing power?

[Ribicic] That is one of the reasons, the other is that it is thought that it could move on to independence even without a constitution, and the third is that they think that the constitutional system can be altered by an ordinary majority. That is, there are several reasons, but if Demos tries to hold on to power in every way, which is actually already happening, there will be a division even within Demos, and the left-wing coalition would then also insist on elections, in which it would have a good chance.

[Marinkovic] Why after the election in Slovenia was it not important to change the flag and the like?

[Ribicic] And I would put the question of why Croatia had to do such things? I think that those things should be done in a civilized and normal way. I do not want to exaggerate the differences between Slovenia and Croatia in past decades, but when one talks about nationalism, then there are certain differences here, sometimes, clearly, even to Slovenia's detriment. On the flag, I can say that Demos wanted the star removed, but we conducted a survey which showed that a third of the Slovenes feel that this should be done, a third wanted an altogether new flag, and a third wanted to retain the present one. Even within our own party opinions were similarly divided, and so we proposed that we put on the flag Triglav Mountain, or a yellow star, or a new crest, but none of that has been adopted so far. Some people perceive Triglav as a symbol of the Liberation Front and the yellow star as a symbol of the SDP, not of Europe; because it is also on our emblem. So the red star has remained. There is one other difference between us and Croatia, the election law in Slovenia did not allow the kind of balance of power that you have in the Croatian Assembly, and also decisions in our parliament are adopted by a two-thirds majority.

[Marinkovic] You said yourself that civil war has already begun. Can it be stopped?

[Ribicic] At one point, I saw elements which promised that this deep crisis could be resolved peacefully without civil war. I saw them first in the balance of power in the top federal leadership, in the position of the JNA, in the emergence of an opposition in Serbia, in those first conflicts, which showed that Milosevic was nevertheless forced to make compromises. That is why I was surprised by this heightening of tension on the part of the Serbian political group in power, which is doing this regardless of the position of the Muslims in Bosnia-Herzegovina, regardless of the regions where Serbs live in Croatia, Kosovo, or even Macedonia. Once again a truly expansionist policy has gone on the offensive and to a great extent is obtaining support within Serbia. It is difficult for me to assess what is involved here, whether

an attempt to conceal social and other problems or to achieve a homogenization that strengthens the negotiating position in Yugoslavia, because I do not have enough information. But this is a change of direction, and if it persists for a time in this way, it will finally have become impossible for us in this space to achieve any serious institutional cooperation for a long time, much less anything greater than that. Whereas once we favored an asymmetric federation, and then confederation, and finally a peaceful parting of the ways that would preserve certain economic ties, now even that is in jeopardy. If Serbian policy is militant and continues to insist on the thesis "All Serbs in one state," which means in an expanded Serbia or a Yugoslavia that would be an expanded Serbia, then there will be a final collapse and breakup of Yugoslavia regardless of the high price which its nationalities have to pay.

### New Presidency Member Bajramovic Characterized

91BA0747A Zagreb DANAS in Serbo-Croatian  
21 May 91 pp 16-17

[Article by Nadira Avdic Vllasi: "A Small-Time Gambler in a Big Game"]

[Text] Sejdo Bajramovic is the new coordinator, as they call it, in the Presidency. This is something altogether new and unusual, as is the arrival of this junior officer, a retired ensign, at the federal pinnacle. That the scenario was planned already, and Bajramovic fitted conveniently into it, is also demonstrated by the outline published in POLITIKA on the very day when the customary replacement was anticipated, and a "temporary president was envisaged" whom the members of the Presidency could elect among themselves although under what conditions it is not clear. Under wartime or under normal conditions, how and why, represent another question, but this means that Sejdo Bajramovic is our new temporary president of the country!

Everything the Serbian leadership has done in the last three years has destroyed the foundations of Yugoslavia (what was worthwhile in it and what preserved the peace for half a century) in the name of an alleged threat to Serbia produced wherever necessary, according to the same formula, in order to create a federation dominated by Serbia. All the principles and rule books had been destroyed except this succession in the Presidency, but the time came when Sejdo Bajramovic was to serve precisely that purpose. Let the manner of his arrival in the Presidency against the wishes of those he supposedly represents, that is, exclusively at the desire of the Serbian Government, show to all the peoples of this country and the international public that it will either be as Serbia says or we will not exist. Here, the principle of punishing insubordinates and those of a different opinion has been taken to the limit, so that after individuals the turn has now come for hostile parties and even to the point of hostile nationalities. The message to be drawn from Stipe Mesic's nonelection or the games being played

concerning it of which Bajramovic is a part is clear: The country cannot be headed by anyone whom the Serbian Government does not choose either directly as it did with Bajramovic or in some other manner, it makes no difference, but the result must be only "equality" conceived in that fashion. Whoever does not consent to that is destroying Yugoslavia. All of that began, of course, with the representatives of the ethnic minorities. The representatives of the nationalities viewed all this more or less calmly, forgetting that once the principle is overthrown, the system is through, and Shkelzen Maliqui is right when he says that Sejdo Bajramovic is an "Albanian Mihail Kertes," and represents the inimitable and infallible choice of those who picked him because he is obedient, loyal, and devoted (as junior officers know how to be). "The best Hungarians and Albanians in the value system that is valid for Milosevic's policy are those who are closest to assimilation as Serbs and who sit up and raise their paws for the Serbs and promise that they will fight for Serbian interests on every occasion," Maliqui notes, adding that the best Albanian is the one who is prepared for self-negation, which is to say that the perfect one is, so to speak, the one who does not exist.

Readers of local newspapers have encountered the name of Sejdo Bajramovic quite rarely in the last two or three years. There are few who have a professional need to familiarize the general public with the thinking of this local community activist and later president of SUBNOR [Federation of Associations of Veterans of the National Liberation War] in Pristina. In actuality, his promotion took place in the latter half of 1988 at one of the rallies of the "antibureaucratic revolution," when it seems that in Smederevo he stumbled through the reading of a speech of support for the Serbian policy as one of the "honest" Albanians. He soon became the representative of the Serbian parliament in the Presidency, and that, which is very important and which he himself angrily stressed, after the first failed attempt to have the delegates of the assembly confirm him, with only four votes against. It can be said that he was to the liking of the entire Serbian parliament and both the party in power and the opposition. What kind of person is it who in this multiparty time today evokes such unity, and how has he managed to impress the Serbian delegates to place trust in him, that he will defend Serbian interests more successfully than, say, Vukasin Jokanovic, who has demonstrated his "talent" and willingness to do that in the name of Kosovo?

What is in the biography of this former noncommissioned officer born in 1927, who has twice been married to Serbian women, who has "ic" at the end of his last name, and has spent his entire working life in the Army and actually has no political biography, that has so enthused the Serbian parliament? Probably all of that together, as well as his explanation to TV viewers that he has Serbian interests in his genes. That is, in answer to the question of where he got a surname that is not Albanian (there were stories that it was Gypsy), he answered by telling about his Orthodox origin and his

grandfather who fought in Serbian battles, including the battle on Kajmakalan, of which he is extremely proud. Aside from that, no one yet has heard him speak Albanian in public, and it is said that even his family does not use that language. The most attractive thing which the newsmen have so far found in his biography, aside from the rally in Smederevo, is the story told by his acquaintances of passionate petty gambling together, about a man in love with lotto, which is why Maliqui has said that with Sejdo Bajramovic's election it is now possible to start a lotto game in which Yugoslavia would be sold off. They say that he moved up to become head of the lotto game in the Pristina Boxing Club and that he personally pulled out the slips with the numbers written on them.

It should be said that Sejdo Bajramovic happened long ago to Kosovo and Yugoslavia. As a matter of fact, in November 1988 and the beginning of 1989 during the strike of the Trepca miners, Albania offered the last resistance to the insane idea that the Serbian government could elect representatives of other nationalities and ethnic minorities. Rather they "democratically" elected Bajramovic to the Serbian parliament by some procedure a bit larger than zero, amounting to some 100 votes, when in the Presidency he is to represent a federal unit and the Albanians, who, in terms of population, are the third most populous in this country!

It began with the honest Albanians—Shukri, Morina, and Azemi, one has become silent, the second has died, and the third has ceased to be suitable—in the name of Yugoslav interests, that is, of the federation, which was supposed to be for the other nationalities what has now been reserved for Albanians in Kosovo. The simple recipe is that the Serbian government evaluates the representatives of the others, and they do everything they are told. Riza Sapunxhiju was an unpleasant surprise, because on the major issues he nevertheless voted as a Kosovo representative who had been elected, even though under the obedient provincial leadership, by the picked provincial assembly. There must be no more such surprises. A lightning fast unconstitutional action was carried out and it was explained that the constitution is respected only and exclusively when this fits into the conceptions of the Serbian authorities. "Constitutionally or unconstitutionally," Yugoslavia must be turned into Serboslavia regardless of whether the name is retained, regardless even of whether four republics cannot concur in it. Incidentally, that was counted on, and if some part of the scenario is not carried out in the first attempt, there are several other alternatives that have been prepared. One of them is the arrival of Sejdo Bajramovic because Riza Sapunxhiju did not consent to be the Serbian representative, although the Serbian parliament released him. Now everything is possible, including a representative of SAO [Serbian Autonomous Oblast] Krajina or of some other Serbian region to become a member of the Presidency the same way as Bajramovic. Why not?

In the view of the Democratic Alliance of Kosovo, Sejdo Bajramovic and his election are an insult to Albanians, a degradation of the Assembly, and a humiliation of the Presidency. Which is precisely why he has taken the position of coordinator or temporary president of those who elected him. This happened at a time when assaults are being made in Kosovo on the last remnants of the "honest," "most honest" Albanians. They are even attacking Mehmed Ajeti, the Serbian deputy, his brother Husamedin Azemi has departed, and one of the remnants of the remnants has become a true media star and as a consequence has been hearing "interesting" statements. This illiterate and uneducated man who might have been a good ensign, but hardly a "commander in chief," answered a question in the TV studio (where he was a guest along with Momcilo Trajkovic) about what he thinks about the situation in Kosovo with these simple words: "I think I agree with Trajkovic."

Thus, we have seen to the end the last act of a performance which is truly attempting to take us back half a century, as the Socialist Party of Serbia has publicly proclaimed in Kosovo.

All the games that have been played over the ethnic and civil disenfranchisement of Albanians, including this petty bit of gambling, have come to the end. The

selection of Sejdo Bajramovic was another small opportunity to stand upright for those who, perhaps not up to the deceptions, had put themselves in that position and, while sacrificing others, had perhaps threatened themselves most of all.

In the words of Dr. Ibrahim Rugova, Sejdo Bajramovic is an illegitimate representative of Kosovo, and those who consented to him have become accomplices.

He adds that in confirming his election the assembly has actually demonstrated that there is no constitution that is valid for the delegates when it comes to the Albanians. The Social Democratic Party of Kosovo is announcing a petition against his election and confirmation. Those who thought that it was easier to flee from Yugoslavia than to fight for a democratic Yugoslavia were deceived. Those who are fighting for a unitarist Serboslavia in which the Serbian people will live at the price of others not living at all are also losers both in peace and war. In this chaos, they have all put their cards on the table.

But it is a big game, the ante is tragic, and there is hardly any room here for small-time gamblers. It will not help them even to have drawn the winning ticket for the big prize, and their greatest justification is that actually they are the least to blame for what is happening to them.

## HUNGARY

### SZDSZ on Military Restructuring Controversy

91CH0501A Budapest NEPSZABADSAG in Hungarian  
26 Mar 91 p 7

[Article by Imre Mecs, vice president of the National Assembly's committee on home defense: "Is the Ministry of Defense Top-Heavy?"]

[Text] Late last week, the defense establishment deemed it necessary to inform several newspapers not only about their conceptions concerning the Hungarian Home Defense Forces, but about their concretely developed intentions and their plans for transformation. The NEPSZABADSAG noted, parenthetically, that the largest opposition party had objections concerning the above. According to NEPSZABADSAG, the free democrats feel that the conceptions of the defense establishment narrow encroach on the authority of the president of the Republic. Imre Mecs, spokesman for the SZDSZ [Alliance of Free Democrats] and vice president of the National Assembly's committee on home defense, asked our publication for an opportunity to outline his views concerning the intentions of the defense establishment, in order to avoid extreme simplifications of the issue.

It was the Alliance of Free Democrats that initiated the move to remove our country from the Warsaw Treaty Organization, and since that time it pays close attention to the issue of home defense. It does so not in order to compare its own program with the ideas of the defense ministry, but because what is at stake is an extremely important issue, the final cornerstone of the country's sovereignty and independence. Its firm intention is always to prevent hasty or ill-considered steps which would not strengthen but weaken the system of security represented by the Hungarian Home Defense Forces.

#### Laws Requiring a Two-Thirds Majority

Nothing demonstrates better the free democrats' appreciation for the issue of home defense, the opportunity of opposition to control and influence decisions in this area, and the need to develop a consensus on military questions, than the fact that defense affairs were placed in the category of legislation requiring a two-thirds majority. In other words, when it comes to issues of defense, it is impossible to make any fundamental change without the approval of opposition parties.

In accordance with the special significance of defense-related issues, the Alliance of Free Democrats has already taken a position opposing the militarily and professionally absurd principle of a circular defense, and supported the several months long debate on security policy, which was one of the most open professional discussions in the history of Hungary's home defense.

Maintaining a certain order of priority, the free democrats intended to work on creating a home defense force of more modern structural characteristics. (And, in view

of the poor fiscal circumstances, they did not consider a change of uniform as the most urgent task.)

The statement made last week by the ministry of defense deserves special attention because not only does it contain another professionally absurd idea, and another attempt to infringe upon the authority of the president of the Republic, but a phenomenon that seriously threatens our young democracy: a declared intention to install arbitrary executive authority that goes against the letter and the spirit of both the constitution and the law on national defense.

#### Reorganize, but How?

The SZDSZ does not deny that the ministry of defense has the right to make proposals for constitutional amendments. Before such amendments are ratified by the parliament, however, it finds it unacceptable for the ministry to initiate governmental steps that are contrary to the existing constitution and attempt to infringe upon the prevailing constitutional order. Beyond the fact that nowadays, when extremist voices are gaining strength, and even Prime Minister Antall considered it important to condemn them and isolate himself from them, it is important that we head off any operative attempt that would infringe on constitutionality and the established order.

The endeavor to achieve a consensus, mentioned by the man in charge of the ministry, is noteworthy, but only if certain specific steps of the planned organizational modifications do not try to put accomplished facts before the parties in the National Assembly. We hope that there is no special reason for worry, as of yet, even though the proposed laws on the authority of local self-government organs tries to smuggle in certain prerogatives for the ministry of defense that are, to put it mildly, not altogether in tune with the existing law on national defense. To summarize our political objectives, free democrats would prefer to see the consensus, developing in the course of preparing laws or constitutional amendments, form the primary basis for proclamations concerning the structural transformation of the defense forces.

The Alliance of Free Democrats considers it necessary to reorganize the Hungarian Home Defense Forces, but it feels that in the course of developing such a reorganization, the rules developed by military science and confirmed by history must be followed. This would reduce the mistakes of the reorganization process; after all, there are human lives, careers and, in the end, the independence and sovereignty of the country are at stake. In other words, in defining the structure of armed forces, our starting point should be, to use a military term, the unity of annihilation and preservation.

#### The Sequence Is Important

When it comes to the Hungarian Home Defense Forces, the fundamental requirement ought to be that within given economic circumstances it should be able to do maximum damage to an aggressor, reducing its will to



continue its attack, and minimize our own losses, while preserving our own resources and implements and reestablishing the original situation. Accordingly, the free democrats' basic principles concerning home defense can be summarized in the following:

- 1) The maintenance of the Home Defense Forces' defensive abilities during the period of structural transformation.
- 2) A study of the environment and our own situation, and defining the tasks of home defense policy based on results of such study.
- 3) Synchronizing political goals and economic feasibility, with special attention to the eclectic nature of resource systems available for achieving the political goals. When it comes to the final compromise between politics and economy, in any given situation it is the country's sovereignty and independence that should be decisive.
- 4) Developing a military structure that is capable of implementing the home defense policies defined on the basis of the above.
- 5) Determining the size of the armed forces in peacetime and wartime so that it satisfies the demands of the new structure, establishing a military administrative system that ensures nationwide mobilization, developing an order of leadership that best suits the tasks at hand, and the transformation of armament military technology under the existing economic conditions.

The SZDSZ feels that only after achieving a consensus on the above questions is it possible to determine what percentage of the GNP should be spent on the armed forces, what percentage of the populace should be kept in active and reserve status, and what supervisory system should be implemented to perform the tasks. Until such time, it is impossible to determine whether the general staff is top-heavy or not; such an attempt could only contribute to the armed forces' demoralization. The free democrats feel that the real aim of the ministry's leaders is not demoralization or the elimination of the present operative readiness, but the formation of a genuinely modern military structure.

#### Consensus for the Nation

The consensus developing on this issue is important, not for the political parties or for the government, but for the nation. Anytime the responsible government takes a position or prepares some legislation on a issue of home defense, it must be aware that under emergency or extraordinary circumstances, when the home defense force could be deployed, the role of the government would be significantly reduced, the usual form of its activities would cease, and the nation's leadership would be taken over by the Council on National Defense. Every parliamentary party takes part in the work of the Council, and it is led by the president of the Republic.

We deemed it important to make the above statement, because editorial remarks oversimplified the free democrats' objections that arose in connection with the statements made last week by the ministry of home defense.

## POLAND

### Commentary on Structural, Organizational Change

91EP0506A Warsaw POLSKA ZBROJNA in Polish  
22 Apr 91 p 3

[Article by Stanislaw Lukaszewski: "Report on the Status of the Military: Generational Succession"]

[Text] The current personnel situation in our military is defined by its restructuring, as implemented pursuant to the assumptions of the Polish defense doctrine and the results of the Vienna talks, and also by the socioeconomic situation in this country. The structural and organizational changes in the military have entailed certain personnel decisions and, along with them, new problems as well. How are these problems being solved? What is the personnel situation of our Armed Forces?

Interim personnel lists have been conceived in the restructured military as a solution to the existing situation, because some garrisons have been overmanned and others undermanned. But that did not satisfy the professional military, first of all because of their unwillingness to accept transfers owing to the high cost of relocation and other attendant problems, such as the acute shortage of housing in the other garrison cities. Unless the need is warranted (and financially worthwhile), no one wants to condemn oneself and his family to a longlasting parting. Another reason has turned out to be the impossibility of achieving the same status upon transfer as that enjoyed in the old position, and the chances that one's professional qualifications would not suit the new position. As for other reasons, let us omit them.

#### Interim Personnel Lists Prove To Be a Relatively Ineffective Solution

Still, some career military availed themselves of this possibility. In order to overcome unfavorable trends and create new service positions for young and highly qualified officers, in March 1990 the Personnel Department [of the Ministry of National Defense] was instructed to discharge all officers of retirement age by the end of that year, with a few exceptions such as physicians, lawyers, and academic faculty with doctoral degrees or of professor rank. Officers of colonel and lieutenant colonel rank and over 50 years of age were also to be discharged unless they held positions of commanding officers, as were to be the officers who had exceeded the age limit for their military rank. This regulation did not violate the binding legal norms, and it was merely a forced measure to tighten the discharge policy in face of the existing surplus of the professional military.

A generational succession took place. Favorable trends arose in personnel policy. Last year, of the 8,378 officers who had left the military, those up to 35 years of age accounted for only 16 percent (1,303 such officers were discharged). By way of an example, in 1989 that indicator amounted to 25 percent. More than 57 percent of the discharged officers—compared with 23 percent in 1989—held the rank of colonel (2,013) and lieutenant colonel (2,834). The proportion of officers discharged at their own request dropped by 17 percent (to 28 percent in 1990 from 45 percent in 1989). The predominant cause of discharge was...

#### Reaching the Upper Age Limit...

for the military rank held. In 1990 this accounted for 30 percent of the total number of officers discharged (compared with nine percent in 1989). As of 1 January 1991, only 234 officers more than 60 years old were serving in the Polish Army. That group includes 138 officers with academic degrees and ranks (65 professors and 73 Ph.D.s), mainly physicians. In comparison, on 1 January 1990, 868 officers more than 60 years old had been serving in the Polish Army.

Last year positive changes also took place in the structure of discharges of warrant and noncommissioned officers from professional military service. In other words, the number of their discharges declined.

Violations of the deadlines for orders of discharge from professional military service have been noted. As of 10 February 1991, 627 professional military (444 officers and 183 warrant officers) discharged by orders issued between 1 January and 31 October 1990 were still serving in the military. This is an evident breach of discipline. This situation arose even though the issuance of discharge orders is always preceded by personal interviews held six months prior to the scheduled discharge. During these interviews superior officers give notice of the intent to discharge. Their purpose also is to psychologically prepare the military to leave the service. But as it turned out, discharge orders are one thing and real life is another. Partings, as always, are difficult.

The organizational restructuring of our military is being accompanied by the process of improved staffing at all levels of command. Last year major changes were implemented, including replacements of the heads of the Ministry [of National Defense]. Commanders of military districts and armed services were replaced, and the command personnel of armed services as well as executives at the ministry's central institutions were rejuvenated. At the same time signals from the field point to a shortage of regimental commanders. The officers have calculated and claim that advancement to these positions is hardly worthwhile because the added responsibility is not offset by better pay. The efforts required are considerable but...

#### The Hopes for Professional Advancement Are Too Nebulous

This, it seems to us, is not the only worry of the chief of the Personnel Department at the Ministry of National Defense. The influx of young cadres to the military is also being adversely affected by the decline in the interest of young people in serving in the military.

This may be exemplified by the new enrollment at professional military schools. In the academic year 1990/91 it met 85 percent of the needs. Moreover, in the course of the school year some 20 percent of warrant officer and officer cadets dropped out. The status of the recruitment for service in the noncommissioned officer corps is particularly unfavorable. Last year the Army gained barely 709 new noncoms, that is, just one-third of the number gained in the years preceding the period of organizational restructuring, years during which the influx of new noncoms averaged 2,000 to 2,500 annually. The unwillingness to serve as a noncommissioned officer is due to the limited attractiveness of that profession and its inability or failure to offer personal, social, and material satisfaction.

The system of foreign training and advanced training is being revamped from the ground up. Polish career military will improve their qualifications in doctrinally strong armies as well as at academically strong higher educational institutions leading in the field of military thought and operational art.

It is expected that our officers will be assigned to command staff and postgraduate studies, as well as to specialist courses, professional (academic) positions and practicums at the military academies, staffs, research institutes, and military units of armies of the United States, Germany, the USSR, France, Great Britain, Italy, and Czechoslovakia. Increasing the number of our officers at the military academies of other countries will be possible as of the academic year 1992/93. This is dictated by both the need to refine the concept of the basic and advanced training of Polish career military abroad and conclude corresponding international agreements and the need for the linguistic preparation of candidates to be assigned for foreign military studies and other forms of training and advanced training abroad.

#### What Numerical Status?

As of 1 January 1991 the number of the career military totaled 93,412, of whom 46,991 officers, including 1,671 outside service positions, with 50.3 percent on interim personnel lists or on "collective position" status; 25,917 warrant officers (27.7 percent); and 20,504 noncommissioned officers (22 percent). The intellectual potential of the cadres is constituted by the 4.5 percent of officers who hold academic degrees and ranks (132 professors, 281 assistant professors with Ph.D.'s and 1,735 Ph.D.'s).

Graduates of higher educational institutions account for 41 percent, and graduates of higher professional institutes, 45 percent. The remainder are graduates of old-type officer schools and courses. Of the professional military, 12,544 (13.4 percent) served at the central institutions of the Ministry of National Defense and in their subordinate units (compared with 17.7 percent in 1989); 46,504 in the military districts; 25,833 in the Air Force and Air Defense Troops; 5,833 in the Navy; 1,388 served in (service) positions outside the Ministry of National Defense; and 1,310 audited courses.

Last year positive changes took place in the age structure of the officer cadres. The proportions between older and younger officers improved. The share of older officers in the officer corps dropped by 1.5 percent (to 48.9 from 50.4 percent). Similarly the average age of officers dropped to 38.4 from 39.4 years.

Overall, last year there was a decrease of 10,161 positions, that is, nearly 10 percent, for the career military. The increased number of discharges was offset only 26 percent by the new military personnel. Last year 14,013 military personnel (8,378 officers, 3,390 warrant officers, and 2,245 noncommissioned officers) left the service, and were replaced by only 3,823 new personnel (1,752 graduates of military academies and higher officer schools, 1,364 graduates of schools for warrant officers, and 709 career noncommissioned officers).

### The Staffing Problem

Despite the decline of 10,000 in the number of positions to be staffed by the career military (the number of officer positions decreased by about 6,500, and positions for noncommissioned officers, by about 3,600, while the number of positions for warrant officers increased by about 100), the extent of their staffing dropped from 82 percent in 1990 to 81.3 percent at present.

The most fully staffed are the positions in the officer corps—93.8 percent (of which, positions staffed by officers, 89 percent). Among the military districts the most fully staffed one, in terms of positions for the career military, is the Warsaw Military District (88.7 percent), whereas among the armed services the most fully staffed one is the Air Force and Air Defense Troops (76.8 percent).

There exists a marked differentiation in the extent of the staffing of discrete branches of the service. As regards officer positions, the most fully staffed are the counter-intelligence corps and the Military Police (100 percent), followed by the instructional corps (98 percent), the quartermaster corps (97 percent), and billeting and construction (97 percent). In contrast the military justice and legal positions are staffed only 80 percent, the Navy, 84 percent, and the medical corps, 89 percent.

Traditionally the least fully staffed are the positions provided for career warrant officers. In the radio-engineering corps these positions are staffed only 34 percent and in the communications corps, 41 percent.

### The Restructuring Has Extended to More Than 60,000 Career Military Personnel...

...of which about 75 percent were utilized in military structures, and about 10 percent were discharged. The remainder were transferred to interim lists with the intent of "utilizing" them in further service. To alleviate the difficulties in utilizing "surpluses" of the most valuable personnel in the immediate future the category of "collective positions" was established last September (1,400 positions at the military districts and in the Air Force and Air Defense Troops), and the extension of interim lists in particularly justified cases was allowed.

In addition, the introduction of additional vacancies and "collective positions" at the central institutions of the Ministry of National Defense is being considered. The current surplus of cadres amounts to 1,671 professional military of whom 1,201 remain on interim lists and 470 in "collective positions." They are chiefly older officers from the counterintelligence corps, the billeting and construction corps, and the instructional corps. For various reasons (chiefly the unwillingness to relocate to a different garrison), despite the existing vacancies, it is difficult to satisfy these officers with the positions offered them. This problem will grow more acute upon the planned organizational restructuring of the central institutions of the Ministry of National Defense and the military districts and the marked reduction in the number of positions outside the military.

What assistance is being offered in this respect? About 1,700 of the career military have been retrained in other military specialties. More than 600 of the discharged career military were retrained for civilian jobs. But most of the discharged surplus cadres of so-called productive age are not finding employment on the civilian job market, chiefly owing to the relative unsuitability of their professional qualifications.

### Today Not Even a General Is Free of Worries

Not to all generals the professional outlook is good. In the Armed Forces we have 473 positions for generals. They are staffed 85 percent and held by 85 generals and admirals, 341 colonels, and 8 lieutenant colonels. In addition, seven generals serve outside the Armed Forces and abroad, three have been given leave to work at other ministries, and 19 remain at the disposal of the minister of national defense. Division General Longin Lozowicki's office is still on the same floor, but has been relocated on that floor owing to the change in his position, and the name plaque on his door is smaller, as now he serves as an adviser to the commanding officer of the Air Force and Air Defense Troops, or rather as an expert. But that is only a digression....

Last year 39 generals were discharged. By way of an example, 188 were [discharged] in 1983. The oldest generals at present to hold strictly military posts are Division General Stanislaw Fryn (64 years old) and Brigade General Zdzislaw Pietrucha (63 years old). The youngest generals are Leon Komornicki (44 years), Jerzy

Slowinski (45 years), and Tadeusz Wilecki (46 years). Eight generals are over 65 years of age.

This year it is expected that 35 generals will be discharged, including all those over 62 years of age.

The plans to restructure the number of positions in each rank in the new organizational model of the Armed Forces provides for reducing to about 150 the number of positions for generals.

Positions at the central institutions of the Ministry of National Defense are staffed 83 percent. A considerable number of the career military at these institutions—255 or 10 percent of the total, have exceeded the age limits for their ranks, of whom 138 officers with the rank of colonel. The age of 60 has been reached or will be reached this year by 39 officers. Given the planned organizational restructuring of the central institutions of the Ministry of National Defense the problem of the placement of a group of about 400 officers is a worrisome one. As a result of that restructuring they will lose their positions. Many of them will thus be discharged from the military.

Last year changes in the staffing of commands of the military districts and armed services also took place. The number of positions at the central commands of these districts and services has shrunk markedly and the age composition of the officers serving there has likewise become more favorable.

#### **Tactical Group Commanders Are Getting Younger**

Their average age is now 45.

The training and education of regimental commanders also are satisfactory and their average age is 41.4 years. Last year, for the first time in many years, there was no need to recall any officer from the position of regimental commander owing to incapacity for command. Considered among the best officers are: Col. Tadeusz Awsiuk, Col. Franciszek Klimczuk, Lt. Col. Jerzy Dymczyk, Lt. Col. Krzysztof Galkowski, Lt. Col. Edward Pawlica, Lt. Col. Eugeniusz Pawlowski, Lt. Col. Pilot Zenon Smutniak, Lt. Col. Mieczyslaw Stachowicz, Lt. Col. Lech Stefaniak, and Maj. Boleslaw Wiss.

In the opinion of the Personnel Department, there is no shortage of qualified candidates for the position of regimental commander. This opinion does not conflict with the impressions gained in the field, but a reporter may not be completely informed.

Compared with the previous year, the number of regular positions of platoon commander has decreased by 1,688. The conducted depoliticization of the military has resulted in particularly extensive changes in the corps of

instructors. The restructuring of the party-political apparatus has resulted in reducing in half the number of positions, inclusive of a 70-percent reduction in the number of senior instructors.

#### **Altogether, About 3,000 Positions, Including 35 of Generals, Have Been Eliminated**

The restructuring of service positions has resulted in leaving more than 2,500 officers unassigned.

The restructuring of the military has contributed to maintaining a high level of the staffing of the faculty at military academies and served to rejuvenate that faculty to a large extent. Its average age is now 48 years.

Reflections on the personnel situation of the military are bound to touch upon war veterans as well. Their associations have become more active, particularly those of veterans of the Home Army and the former Polish fighting formations in the West. This positive process is, of course, largely due to the sociopolitical changes in this country. Proceedings concerning compensation for injustices caused to former professional military personnel who had been discharged from the Army for political reasons have not yet been completed.

Personnel policy for the next few years is based on, among other things, the concept of contractual service (within the framework of career service) in all the corps of the cadres (officer, warrant officer, and noncommissioned officer) and safeguarding for the cadres the right to resign from the service.

New measures to streamline personnel policies will be taken. This concerns chiefly a better utilization of capable individuals, and above all their earlier preparation for executive positions. The system of personnel rotation in service positions also needs to be improved. This is becoming particularly important in an era in which the Armed Forces are switching to new organizational structures and many military units are being redeployed.

The Personnel Department of the Ministry of National Defense predicts a reduction in the structure of military ranks and a reassessment of service positions and actual officer ranks so as to benefit the younger officers. As to how such a personnel policy will affect the morale of senior officers from majors to colonels, we shall see. The chief of the Personnel Department believes that the Army shall become the domain of young and energetic people.

It would not be seemly for us to disbelieve this. But how can these ambitious personnel plans be reconciled with the marked decline in the interest of young people in joining the military? One feels like saying that oil and water do not mix....

## ALBANIA

**Prospects for Implementation of Market Economy**

91BA0639A Tirana REPUBLIKA in Albanian  
11 Apr 91 pp 1-2

[Article by Adrian Civici, candidate of economic sciences: "The Road to Market Economy: Judgment on the Past and Prospects for the Future"]

[Text] It is now clear to everyone that our economy must change course and be orientated toward a market economy. Our economic state and worldwide experience are the most convincing arguments for the removal of every other illusion. The current deepening of macroeconomic imbalances has been reflected, first of all, in the lack of goods and the low standard of living. In a market economy these imbalances are manifested in the area of prices, the percentage of interest on loans, the level of inflation, the balance of payments, etc., which raise issues regarding the achievement of a balance between demand and supply. At this time, this type of mechanism does not exist in our centralized economic system, where imbalances are manifested, first of all, in markets and places of consumption, in social consumption, and in the level of expenditure for investments controlled by the plan. This leads, on the one hand, to subsidizing unprofitable enterprises and, on the other hand, to the lack of certain basic products, the increase in quantities of stocks of goods, the growth of the black market, and the formation of excess demand, which takes the form of an obligatory deposit of savings. The centralized economy, therefore, must be replaced and not improved and regulated. Why? Is there no more internal strength? Were the experiences of others copied mechanically? Was the theory mistakenly interpreted? Was political economy replaced by economic policy? Was the economy politicized to the most minute degree? Or is it simply because many countries that implemented it are now renouncing it? In the face of this host of question marks it is difficult to find anything evil. Nevertheless, as an economist, I judge that the most reasonable explanation lies in the fact that these are some of:

**The Chief Characteristics of a Centralized Planned Economy**

Let us begin at the heart of the matter, which is collective ownership and the centralized plan. In all cases, the plan is that document which sets forth the objectives of economic policy and is the instrument that creates possibilities for their realization. It never feels any need for a mechanism to balance the demand and supply of factors in the production process, or of information to evaluate expedient costs of production. Because the purpose of prices has not been to ensure market equilibrium, they have been maintained administratively, have remained unchanged for long periods, and have been used simply for accounting purposes. Financial resources accumulated by enterprises have not been permitted to be used freely for internal investment (this is done only

by authorization of planning officials), while financial deficits do not create any limits on supplies provided for in the plan.

The functioning of a planned economy requires many administrative measures for the compilation and implementation of the plan in all the links of production. It stimulates the creation and workings of an overloaded bureaucracy. Decisions regarding the administration of sources of production are completely centralized, and enterprises actually have had no direct influence on the plan, regardless of the fact that in theory they are its compilers. In an economy of this type, enterprises are isolated from the outside world, after trade and exchange with it; they are centralized in the hands of a ministry specially created for this purpose, and which is the only organ authorized to determine the geographical distribution of exports and imports. The monopoly of the state is strengthened still further by the nonconvertibility of the national currency and by prohibiting enterprises from owning foreign currency and from making various exchanges. The consequences are: exports without the requisite effectiveness; criticism of the lack of skill of organs of foreign trade; late arrivals of raw materials and equipment; long articles in the press about large quantities of machinery worth millions of dollars that has not been used for years; but no one even knows who gave the orders and why such things have come about... etc.

In giving a dominant role to the single plan, the centralized economy has never felt a need for the classic instruments of monetary and budgetary policy. Money and credit have played an almost passive role, inasmuch as regulations of every type were made only by directives of the plan. The financial sector is rudimentary and the banking system has, for all practical purposes, not intervened to serve as a mediator of savings and investments, but its mission has been limited only to financial verification of the material plan.

**Attempts at Reform and Their Viewpoints**

Efforts have begun to reform the centralized planning system in our country. Initially, the aim was only to increase the precision and effectiveness of the planning process. In what way? By strengthening the institutional structures, specifying tasks in a clearer manner, and refining the instruments of administrative control. But very soon it was found that this kind of reform cannot eliminate the economic tensions that manifest themselves primarily in areas such as the decrease in consumer goods, the lowering of production quality, the lack of technological progress, the misuse of productive sources, etc. Finally, after many debates and the abandonment of fear regarding violation of principles, the reforms were reviewed on a broader level. On the basis of this vision, focus was placed on two important arguments. First, it was understood that the higher organs of planning can never possess enough information to make every necessary effective decision on the microeconomic level. The enterprises, therefore, must be involved more directly in the compilation and implementation of the

plan. Secondly, in order to create subjective economic possibilities for planning and for the effective use of the production sources that they possess, it would be necessary for their managers to have, above all, the necessary authority and responsibility so that they could include the signals and income from the market in their decisions.

These considerations have been at the foundation of various reform programs, as well as the new economic mechanism, which have permitted the integration of various elements of the market economy into the centralized planning system. But although these reforms were necessary, they were inadequate—in addition to the fact that they were self-serving. Why? First, because the program of reforms did not depart from the ideological postulates of socialism as “collective ownership of the means of production,” “the determining role of the single national plan,” “the employment under every condition of the entire labor force of the enterprise,” etc. Nevertheless, their chief objective remained the execution of a more effective plan. And then, when it was realized that every decentralized decision or development of the market carried with it the danger of producing results that did not agree with the objectives of the plan, the solution was to find or recommend limitations through control of prices, a tax on profits, and preferential distribution of credits and other material resources. Therefore, the role of market mechanisms in determining production sources was not clearly manifested, and the organic communication between profitability, prices, income, and losses was never thoroughly established. The fault lay in the introduction of instruments of indirect economic policy. In fact, the system of taxes and subsidies was not applied in a uniform and transparent manner, but in a way that maintained production, income, prices and results in conformity with objectives of the plan a specific level. Thanks to this mode of operation, the unprofitable enterprises have been able to survive and obtain direct subsidies to the extent that they respect the requirements of the plan.

Secondly, the liberalization of the foreign sector and the creation of an independent financial sector were not properly included in the package of reforms of the New Economic Mechanism. While progressive steps were taken to get rid of or at least limit the monopoly on foreign trade and have been extended to enterprises, the reform of the financial system is still in its infancy. Ambiguity also appears in the autonomy granted to enterprises, because by dictating, for example, in agriculture, the required deliveries to the state, in fact the structure of production is also being dictated, thus legalizing the operation of central planning organs upon microeconomic decisions.

The road to the market economy, therefore, is still long and filled with unknown factors. There are three major questions that are raised for us in working out the program of reforms: What are the basic elements of a market economy? What is the most appropriate way of

getting there? And what are the chief dangers that may manifest themselves during the period of transition?

### A Clear Picture for the Market Economy

In order to pass successfully from a system with centralized planning to a market economy, it is necessary, first of all, to restore the market and to create new instruments for the pursuit of macroeconomic policy. These two conditions require deep reforms in the economic, financial, and institutional structures. The creation of markets lays the necessary microeconomic foundations so that the determination of productive forces may be made as a function of specific situations and according to the priorities of society. Markets collect and distribute information on prices and costs; they provide points of reference for decisions that are made regarding the size of production, the quantity of productive factors that must be used, the localization of investments, and the manner of evaluating economic results. In order to create the possibility for markets to play these various roles, it is imperative and essential that the economic operators should be able to make their decisions in full autonomy, that prices should reach their equilibrium level, that financial obligations should be effective, and that the markets should function in a competitive environment. If we want these conditions to operate cooperatively in practice, it is necessary to work on many fronts. First, controls on prices, wages, and profit percentage must be lifted gradually. Laws regarding property must be reviewed, and limits on the private sector must be abolished. Second, a financial market should be created as a major means of mediation between savings and investments; and an independent banking sector should be created to stimulate financially profitable enterprises and promising new enterprises, while “punishing” those with losses. Third, the judicial and institutional structures should be reformed to the point of creating a full framework with precise rules for the management of businesses and the setting of minimal norms for the protection of producers, consumers, savings, etc. Fourth, special attention must be devoted to measures to encourage competition by getting rid of the limitations that presently impede the activities of the private sector and state enterprises, so that they may compete freely and equally. Self-financing, as is proven by the experience of numerous other Eastern countries where it was applied many years ago, may be considered only as an intermediate phase. For that reason, a large part of the state sector must also be privatized, especially small and medium-size enterprises. In order to make competition easier, it is imperative to open the national economy to foreign competition, to take concrete steps for the convertibility of the national currency, and to pursue a liberal but careful policy with regard to foreign investment.

Under these conditions, the central planning organs will lose the right to correct microeconomic imbalances through direct action upon the levels of production. The

state, therefore, will create a new system of indirect economic management and control, based on monetary and budgetary policy.

### **Rapidity of Reforms and Problems of the Transition Period**

These are questions that are discussed more often today because the passage to a market economy is inevitably accompanied by a painful process. There are three acceptable strategies for the realization of this goal. But which of these is most appropriate for our country?

The first, a conservative strategy, or one of small steps, which appears to be synonymous with circumspection, presents certain dangers. First of all, to judge by past experience, partial reforms yield only limited results and, in particular, the integration of a few elements of the market economy cannot lead to the creation of true markets. A gradual approach leads to the neglect of reciprocal connections that exist among freedom of prices, decentralization of decisionmaking, financial discipline, and indirect economic management. If these elements of the reform are to be fulfilled, they must be viewed in an integrated program. Second, as a result of bureaucratic constraints, the motivating forces of the market may be impeded by a lack of or slowness in implementation of the necessary institutional reforms. Third, the existence of macroeconomic imbalances requires that imperative reforms should proceed rapidly on all economic fronts.

The second way, radical reform, or so-called shock therapy, is one that presupposes imposition of a strict program of consumption and, at the same time, elimination of all restrictions on the activity of the market. Many economists, based on certain concrete experience, think that this is a dangerous choice, especially for countries with a low economic level, backward technology, small consumption norms for their inhabitants, and an inadequate specialized business infrastructure and personnel. High inflation, growth of unemployment as a result of the closing of unprofitable enterprises, bankruptcy of many sectors and branches of the economy as a consequence of foreign competition, decrease in capital accumulation in the state budget because of the easing on foreign investment and the private sector at a time when large expenditures are necessary, especially for social assistance, reduction in consumer goods, etc., may lead to strong social outbursts and destabilization, which may compromise the entire process of reform.

The third way is a moderated radical strategy, which involves taking many immediate measures, such as restructuring of property, the formation of a two-tiered banking system and the independence of the bank from the plan and the government, reform of prices and the fiscal system, freedom of foreign trade and the movement of capital, the growth of cooperation with foreigners, the elimination of monopoly over production and wages, etc. But all these must be accompanied by

efforts to stabilize the economic life of the country by increasing exports, in order to create possibilities to continue the cycle of short-term credits, accustoming workers and managers to the requirements of the new economy system, technical and technological renovation, increase and modernization of the necessary infrastructure, organization of a new system of social security, etc. For the conditions of our country, this may be the most acceptable and most effective way.

### **Already Frail Economy Now Without Orientation**

91BA0675A Berlin HORIZONT in German 26 Apr 91  
pp 36-37

[Article by Axel Jaenicke: "Still at Low Point"]

[Text] The economy of the former agricultural country, whose prewar industry had consisted of a few workshops, saw mills, some grain and oil mills, and a very few extraction plants for petroleum and bitumen, is near collapse. The sites of ambitious industrialization strike one today as enormous industrial museums. The large showcase enterprises such as the metallurgical combine in Elbasani or the petroleum refinery in Ballsh, the capacity of which can be fully utilized less than ever in view of declining petroleum extraction, have long proven to be misguided investments of the first order.

But even in those sectors which could quite well have a chance for the future, nothing seems to run any more at present:

- Extraction of raw materials is declining, because outmoded extraction methods and totally inadequate technology must capitulate to geological conditions which are mostly becoming more complicated, resulting in lower export revenues.
- Light industry and the food processing industry—if not stopped completely because of a lack of raw materials—with technological equipment of yesterday, manufacture products which cannot be sold successfully abroad, and not only as of now.
- Animal husbandry of the mountain region, once the major agricultural sector, now just barely provides one-third of the total agricultural production.
- The infrastructure is catastrophically underdeveloped and threatens to frustrate any economic progress. It is characterized by a network of rutted, narrow roads full of curves and steep inclines, 700 km of railroad tracks which even in flat country permit barely more than 40 km/h, as well as automobiles and trains ready for the junkyard. To this is added a highly spartan and ailing telephone grid. Incidentally, there are three times as many museums as post offices.
- The already recessive foreign trade suffered enormous losses due to the collapse of CEMA.
- Work morale and discipline have reached a nadir in view of lacking incentives.



### Uncertainty About How To Proceed

It has meanwhile become clear to both the communists and the as yet young opposition that only a functioning market can break through this vicious circle. But while the former, under the shock of the economic decline in eastern Europe, believe in the possibility of being able to introduce the market economy gradually, the major force of the opposition—the Democratic Party of Albania (PDSh)—rather favors a crash course with rapid privatization in town and countryside. With the strict rejection of participation in the government, it is obviously hoped that new elections can be forced. But the tough election campaign disputes with the governing party, the Albanian Workers Party (PPSh), evidently left little room for the presentation of a determined concept on how to achieve an economic upswing. So one is astonished by the statement of one of the founders of the PDSh that things will surely improve in one or two years. And his prognosis strikes one as rather naive, that Albania within the next 10 years would be the first Balkan country to follow Greece into the EC....

But even the solution of the agricultural question, which affects almost two-thirds of the population, is still totally open. Because if one were to return the land to the former owners and their descendants, the majority of rural inhabitants would be left empty-handed. But if the land were to be distributed evenly, just 1.5 hectares per household would be apportioned; a good-sized garden, but no basis for an agricultural enterprise.

Although compromises at present do not exactly seem to be a forte of politics, both the government and the opposition are aware that the wave of emigration, for some time now motivated by economics, can be stemmed only if economic and social grievances are tackled energetically. It is often said that if all potentials were properly utilized, such as the wealth of raw materials and energy, the advantages of the climate and attractive landscape, but above all the large labor force potential at low wages, and the central location in the Balkan-Adriatic area, then Albania in the long term should be able to increase noticeably the per capita income (at present estimated at below \$800). Naturally, they are hoping for financial and technical support from the West.

### Priorities of Structural Policy

With regard to the priorities in the future structural policy, the differences between government and opposition appear smaller than in other areas. Above all, the commitment of medium-sized enterprises of the food-stuffs industry are sought (processing, bottling, and container plants for fruit, vegetables, dairy products, meat, fish, flour and baked goods, alcoholic and nonalcoholic beverages, cooking oil, providing cooling and storage capacities), as well as that of light industry (textile and leather processing, production of packing materials, assembly of smaller electrical household appliances and electronic products). The extremely low dissemination of

household appliances shows the enormous catch-up need in this particular field.

#### Distribution of Household Appliances

Number of families	675,456
Of these, the number owning a:	
Radio	498,346
Television set	324,905
Washing machine	86,006
Refrigerator	95,240

Activities are expected by larger enterprises in the extraction industry, particularly in the development and extraction of new deposits of copper and chrome ores, natural gas and petroleum. Tirana places great hopes in the development of tourism, in which the rugged regions in the beautiful northern Albanian Alps, the southern Adriatic coast (Himare), and unique monuments of antiquity and the early Middle Ages could become major attractions. Initially, existing hotels and vacation homes are to be brought up to European standards, and then completely new tourist centers are to be built.

However, only the very first steps have been taken in all these areas. A first joint venture was entered into with a Swiss bank, European and U.S. enterprises are interested in petroleum extraction, and an agreement was reached with a Yugoslav firm for the construction of hotel capacities.

### Financially Strong Partners Wanted

Both the government and the opposition are well aware that, in addition to the political prerequisites, as well as more precise definition and expansion of the laws on foreign investments passed in July 1990, an intact infrastructure above all is needed in order to attract foreign capital. But creating this requires rapid and effective international support.

After decades of isolation, Albanians at present are looking intensively for sound foreign partners. France, traditionally leaning toward Slavic countries, and Great Britain, since the end of the war blocking a significant Albanian treasure in gold by using some pretexts, do not seem to be among the great favorites. By far the most powerful neighbor, Italy, actually has enough problems of its own, and has not exactly bolstered its status of being well liked in view of the catastrophic reception given to Albanian refugees.

### Not Much German Interest

There is great sympathy and an attitude of expectation vis-a-vis Germany, rooted in historic and cultural ties. Even before entering into diplomatic relations, the FRG was one of the most important trading partners of Albania; it also provides development aid for agriculture and the extraction of raw materials.



## Major Export Goods 1989 (Selection)

Fuels	53,000 tons
Bitumen	102,000 tons
Lignite	304,000 tons
Chromium ore	490,000 tons
Chromium concentrate	131,000 tons
Blister copper	1,001,000 tons
Plywood	848,000 cubic meters
Wood veneer	2,064,000 square meters
Carpets	135,000 square meters
Tobacco	20,089 tons
Canned vegetables	4,038 tons
Canned fish	408 tons
Tomato sauce	5,249 tons
Jam	861 tons

The GDR was always among the five to 10 largest trade partners of Albania. But the currency union brought about the complete collapse of the very active exchange—for 1990, about \$90 million in contracts had been concluded. For an east German harvester combine, available until now for 26,000 rubles, today one must pay 50,000 German marks [DM], which would correspond to almost 1 million rubles. The urgently needed spare parts for the W 50 trucks and tractors have also become exorbitantly expensive. The German Government and German firms at present show even less interest than ever in Albania. Although Albania is quite well informed about the domestic and foreign concerns of the FRG, a certain sobering mood has meanwhile set in.

In his Paris exile, Ismail Kadare, the internationally known Albanian writer, alluding to the closing of the German embassy in Tirana, is of the opinion that the Germans fell into the trap of Albanian bureaucracy. Now he no longer believes that the relationship with Germany will become closer and more intensive than that with the United States. The circumstance that the new Albanian foreign minister, Muhamet Kapllani, sealed the establishment of diplomatic relations as his first official action in Washington, appears to be a confirmation of that assessment. And it is not by accident that the two most prominent leaders of the PDSH, Sali Berisha and Gramoz Pashko, were in the United States just a few days before the elections. The speaker of the party, Genc Pollo, previously had been sent to Germany.

Since the framework for Albania's rapprochement with Europe and activation of cooperation relations with foreign countries has meanwhile been set, the initiative of the "first ones" will surely pay off. Will German enterprises be among them? Incidentally, in eastern Germany there are quite a few Albanian experts who are willing and able to actively support German firms wishing to get involved in Albania.

## CZECHOSLOVAKIA

## Results of Economic Reform Discussed

91CH0624E Prague HOSPODARSKE NOVINY  
in Czech 6 May 91 p 7

[Article by Frantisek Vlasak: "The Reform After the Start: Results and Openings"]

[Text] Our economy has passed through the first stage of putting reform into effect, a stage marked by price liberalization and liberalizing the foreign currency and foreign trade system with internal convertibility of the koruna and a beginning of extensive privatization, especially in the area of trade and services.

This decisive process of transformation took place in the complex situation of a disintegrating CEMA market, particularly the USSR and the former GDR, at a time when the Persian Gulf crisis was coming to a head, with the enterprise sphere undergoing a growing sales and financial crisis and under a severely restrictive policy especially in the areas of finance and credit. Results for the first quarter of this year indicate how these complex operations were carried out and with what consequences.

## Price Liberalization

Our original assumption that during the first months prices (including higher energy prices) would rise approximately 25 percent was not met and in fact the increase was about double. So for instance average foodstuff prices in the Czech Republic increased by 62.8 percent in the three-month period, prices of nonfood items by 54.4 percent, public catering by 72.7 percent and services by 20.7 percent. Overall, the rise culminated in January followed by less rapid increases especially for foodstuffs where a price decline took place in March, less so for industrial goods.

The higher than anticipated price increase was caused in part by koruna devaluation in an extent greater than factored into the original calculations, but also by the monopolistic conduct of producers as well as trading organizations who upped their profits to an unjustifiable degree. So for instance profits at the Prague Mills and Bakeries rose from 1.4 million korunas [Kcs] in January 1990 to nearly Kcs30 million in January 1991, or from Kcs1 million to Kcs11 million at the Food Centrum Prague. Another major factor were increased costs of borrowing as the interest rate rose to between 20 and 24 percent.

The effects of this great price movement were naturally reflected in lower demand on the domestic market as well as in the semi-manufacture and investment markets.

The impact of higher prices on household budgets was quite massive. In comparison with last year, the cost of living increased during the first quarter by 51.4 percent for blue and white collar workers, by 52.5 percent for farmers and 49.8 percent for retirees. The real value of

wage incomes declined in February 1991 by 28.1 percent as compared with February 1990, and 16.5 percent from December 1990.

In view of the cost-of-living increase which exceeded 25 percent it was necessary in accordance with the General Agreement to raise the target guideline for wage growth to 9 percent in March. These trends in prices and incomes led to adjustments in the conduct of consumer households. Cash expenditures exceeded income by Kcs1.6 billion. We note a substantial drop in purchases of consumer durables, food consumption is declining with trend toward cheaper foodstuffs and the overall retail trade turnover declined in physical terms by 32 percent in February.

### Marketing and Financial Crisis

The rapid growth of prices, sales difficulties in the domestic market as well the external market of the former CEMA countries and the rapid increase in interest rates combined to affect the enterprise sphere in terms of increased illiquidity which by March reached Kcs56.6 billion in the Czech Republic. This illiquidity was concentrated mainly in the metallurgical and mechanical as well as electrical engineering industries.

The principal causes of this state of affairs include:

1. An earlier decapitalization of the enterprises, with the result that a shortage of internal financial resources forces them into costly large-scale borrowing.
2. A monopolistic environment with all its consequences for price development, as well as excessive vulnerability to the loss of a monopoly buyer.
3. A marketing crisis affecting both domestic and external markets and the enterprises' slow response to this fact.

A certain but far from negligible role was played also by the disproportionate extent of restrictive policies, especially the low credit issue in the first quarter amounting to only Kcs43 billion instead of the Kcs67 billion ceiling. At the same time contrary to expectation the inflation rate nearly doubled, which would suggest greater need for money. This situation was the result among other things of a monopolistic attitude especially on the part of the Commercial Bank, reflected in a transfer of credits for continuously revolving stocks (TOZ) to commercial credit at 24 percent interest, blocking enterprise receipts coming from sales abroad, and a low allocation of credits especially in January and February.

Nor should one leave unmentioned the irresponsible conduct of enterprises which in anticipation of a price liberalization inordinately stockpiled production inventories (in December by Kcs30 billion) and prematurely, expecting a devaluation, paid off their foreign obligations.

### Meeting Terms of IMF Agreement

On the revenue side the government managed in the first three months to maintain a budget surplus for the time being, mainly thanks to higher than anticipated profit tax. For the entire CSFR the surplus amounted to about Kcs14 billion in the first three months. This was the result primarily of higher prices which however at the same time reduced turnover tax revenues by about Kcs2.4 billion due to declining demand. The budget outcome of the Czech Republic was affected by local authorities drawing heavily on subsidies; in the first quarter they claimed 76 percent of their quota for the whole year. It is evident that deeper devaluation than contemplated in the original project, the higher inflation rate and lower efficiency in the economy lead to new demands against the budget, especially in health services and education. For the health services it will be necessary to find at least another Kcs11 billion and the amount needed for education will not be much smaller.

Sustaining the internal convertibility of the koruna has so far been a relatively smooth process and we have essentially managed to maintain the set exchange rate and adhere to the terms of the agreement with the International Monetary Fund. State Bank interventions so far have amounted to \$759 million, of which 506 million in January, 218 in February, and in March only 35 million. The payment balance is relatively favorable; in the first quarter it was minus \$177 million, but plus 161 million without oil. Also, the requirement that foreign currency reserves must not decline by more than \$300 million in five days is being met, as well as the required total amount of foreign currency reserves. External indebtedness has increased only by the aforementioned International Monetary Fund loan.

### Labor Market

In contrast, there was substantial movement on the labor market in the first quarter. While there were 40,000 unemployed registered in the Czech Republic in December 1990, in January the number rose to 59,000, in February to 77,000 and to 90,000 in March. We have now reached an unemployment rate of 2 percent. The causes are clear: marketing crisis, declining production, illiquidity and presently the start of a restructuring of production especially in the fuel and metallurgical sector, as well as to some extent reductions in the administrative apparatus. A drawback is that so far there has not been an extensive effort to implement retraining programs which prolongs the period of unemployment.

To date the private sector has not contributed much to solving the employment problem because of the approximately half-million registered entrepreneurs almost two-thirds operate in sideline employment. For the future it is possible to envisage rapid growth in this sector which may have important consequences for the labor market. Yet one must reckon with growing unemployment in the coming period, the rate of which should not exceed 4 percent. This depends on our ability to

achieve, by measures intended to contain the present marketing crisis, a stabilization in the ongoing production decline by the end of the year and a mobilization of the economy's growth factors in the coming year. This means primarily raising the engagement of foreign capital in our economy which also constitutes the main requirement if we are to assert ourselves in foreign markets. So far there are 1,486 joint companies in the Czech Republic, but foreign capital invested in them represents a mere Kcs8.1 billion. Until now the only major connection has been established with the Volkswagen company.

### Investment Market

The investment market is not surprisingly experiencing a large contraction, due in part to the enterprises' financial position and also to a restrictive budget policy which has substantially reduced the extent of public works. A major problem will be to assure completion of unfinished projects of which many will have to be conserved (the Slany and Frenstat mines, the Melnik-Prague feeder line, and so on). In the CSFR as a whole there are 33 thousand unfinished projects. In housing construction last year's Kcs10.3 billion work expenditure has to be reduced to Kcs7.2 billion, which means only completing housing construction already in progress.

Expansion of the investment market is hindered principally by the shortage of investment funds and high interest rates (21 percent for medium-term credits and 24 percent for long-term). Many of the important investments, mainly in the energy sector and ecology, depend for their realization on foreign capital, even at the price for instance of pledging delivery of electric power in return.

### Positive Factors

A mere three months of economic reform do not, of course, permit far-reaching conclusions. But the results so far signal certain problems to which the government's economic policy must respond. For now one can cite the following as the positive factors of developments thus far:

- The trend in wages which represents an important stabilizer of noninflationary development and a barometer of social peace.
- Even though the price increase exceeded the anticipated level, there emerges an important tendency to stabilize the price trend and a promising sign: the inflation level in April which stays in the 6 percent range.
- The decline in enterprise indebtedness.
- A relatively successful functioning of internal convertibility, maintaining the set rate and meeting the stabilization ceiling of intervention.
- A payment balance vis-a-vis convertible currencies which is on an even keel.
- Relatively high exports to capitalist countries.

- Raw material prices, especially for oil, rising less than expected.
- Reduced government indebtedness to the banking system.
- Budget trends presently showing greater surpluses than expected.

### Negative Factors

On the negative side there are, however, factors which must not be underestimated:

- The marketing crisis is substantially deeper than anticipated, for external as well as internal reasons.
- As a result production is falling faster, not only in branches slated for cutbacks but especially in processing industries (between January and March of this year production in the Czech Republic fell by 11.6 percent in industry, by 34.8 percent in CR construction industry, and farm purchases declined by 26.2 percent).
- Unemployment is rising faster and retraining programs are not being put into effect.
- The CEMA market, particularly the USSR, is disintegrating faster than expected, and most enterprises have not drawn up programs for exports to demanding markets.
- A rapid disintegration of the construction industry market which poses a serious danger for the near future.
- Agriculture is undergoing a crisis of overproduction which causes serious financial problems to agricultural enterprises while there exists no comprehensive program so far for addressing the situation.
- Great slowness in negotiating the entry of large foreign companies into our economy because of many unsolved questions of property rights and financial problems involving foreign currency, which will slow down the restructuring of our industry and add difficulty to our entry into the world market.
- It is only now that the fundamental documents on economic policy are being completed, involving particularly the areas of energy, ecology, commerce, social affairs, agriculture, and the housing and regional policies.
- The present government budget surplus was due to extraordinary proceeds which will not be repeated. On the contrary, demands on outlay items are likely to grow (higher social expenditures, growing outlays for health services and education) which may endanger the budgetary balance.
- Lagging behind the progress of economic reform is the drafting and enactment of certain economic legislation, especially of the kind regulating change in ownership relations, even as it is privatization which forms the backbone of the entire process of transformation.

### Openings

What follows for us from all of this? In the first place we ought to recognize that if the Czechoslovak reform is to

be successful it will have to depend primarily on the citizens themselves, on their conduct, free choice and value orientation. On how speedy and how painful change they are and will be prepared to accept.

For the nearest future the economy can promise nothing more and nothing less than more toil and sweat, less money and less social security. Otherwise we would be promising what we can not deliver.

Furthermore, we should proceed from the assumption that this new deal has been freely accepted by the citizens and that they are willing to continue shouldering it only on condition that the State will not infringe on their fundamental rights, including particularly the right to acquire and augment private property and the right to a social minimum. To anchor these rights, their protection and thus creating legal guarantees for owners, entrepreneurs, employees as well as the socially disadvantaged segments of the population in a form in which they are legally established in the advanced countries must be regarded as the foundation of our economic policy.

We have to recognize also that we are returning to the natural order of things, which means that the consumption of the presently living generations is dependent on their contribution to augmenting this country's wealth to benefit not only the present but also the future generations. This "return" at the same means paying the debt for the more than forty years of the past when consumption was preferred, nature devastated, town and village renewal neglected, our enterprises' capital deprived of value. It means paying the bill for past life at the expense of the future. Payment of this debt involves contradictory actions at the same time. On the one hand it calls for reconciling ourselves to lower consumption and increased cost of living. On the other it means creating the largest possible savings, to be invested in new technologies, in developing the entire infrastructure, restoring the environment, in our qualifications and our health.

Building a prosperous market economy on the ruins of a fully state-dominated economy will for a time require giving economic advantage to those groups in the population who will shoulder responsibility for ownership and multiplying property. But it is necessary to press for a concept of privatization which on the one hand will enable every citizen to become an owner or entrepreneur and on the other hand prevent a situation in which an accumulation of wealth in some hands is achieved at the price of reducing segments of the population to life beneath the social minimum.

For this reason I regard as the foundation of economic policy that is focused on carrying out systemic changes leading to a prosperous market economy a pragmatic approach, basing its further steps on a critical evaluation of each step taken and reaching agreement with representatives of the various social groups, that is, owner organizations, entrepreneur associations, employer groups and labor unions.

It does not seem to me reasonable to return to the beginning of this century, meaning the "free market" system which has led to economic crises and has ultimately long been abandoned in all now advanced countries. On the contrary, I proceed from the need to create a modern market economy with a high-quality economic policy sustained by governments and legislative bodies.

In my view it must be a component of this economic policy, apart from a plan for successive steps in promoting systemic change, to have a blueprint for social, ecological, commercial, industrial, agricultural, energy, housing, and regional policies.

I regard financial and currency policies as that part of the economic policy which must be the least dogmatic, meaning that they must adapt flexibly to the state of the economy and the needs of a comprehensive economic policy.

The fundamental goal of our economic policy, therefore, is to devise well thought-out measures to arrest the process of the economy's destabilization by the end of this year at the latest, and do so by means which will be concordant with the basic strategy of the economic reform. The principal instrument of carrying this out must be the operations of the banking sphere and a corresponding financial policy of the government. A decisive role in this will be played by close associations of key industrial enterprises with major foreign partners capable of helping us join the world market.

If we are successful in managing this process and at the same time accelerate progress of privatization, we may be able some time next year to try creating conditions for strengthening the growth factors of development and thus embark on the road to future prosperity.

#### **Foreign Trade Balance, Prospects Analyzed**

*91CH0624A Prague HOSPODARSKE NOVINY  
in Czech 2 May 91 p 6*

[Article by Dr. Ivan Angelis, director of the Research Institute for External Economic Relations, Prague: "Balance and Outlook for Czechoslovak Foreign Trade: Crosspoint of Contrary Factors"]

[Text] The CSFR's external economic relations in 1990 were influenced in part by residual factors from the earlier period and also were under the pressure of strong and rather destabilizing new factors, both internal and external.

In the external sector the substantial element was the rapid breakdown of economic as well as systemic conditions in CEMA countries. Failure to honor mutual obligations, including even those having the form of commercial contracts, affected all relations. We experienced the largest material impact from three of our most important trading partners—the GDR, Poland, and the USSR.

On its way toward a monetary union and a subsequent unification with the FRG the GDR abandoned its economic and commercial obligations to CEMA countries and essentially blocked Czechoslovak exports to the GDR. Our imports still continued, declining only slightly. A similar, although differently motivated, development emerged in relations with Poland where the depth of the economic or respectively debt crisis leading to payment inability on the part of importers led to a radical reduction of imports; however, we continued to make purchases, especially of raw materials. Other relations within the framework of CEMA countries were of lesser negative impact on our trade balance, but even here we noted a collapse of investment activity and an approaching upper limit of the partner countries' liquidity which affected our exporters of machinery and equipment.

### Sundry Residual Influences

In the internal sector the former mechanism of planning and direct central management of foreign trade virtually ceased to be effective. Nevertheless, there remained an extent of the residual influence of not only obligations from long-term commercial agreements (if we leave aside the GDR and largely also Poland), but also of the mechanism of foreign currency standards. How did this impact on the conduct of enterprises? One can say that in rough terms they followed both the earlier proportionality of marketing goods for export and the domestic market, and the territorial (regional) proportionality. Let us add that the declining sales on the CEMA market along with improving commercial-political conditions for exports to advanced market economies and, to a smaller extent, also the adjustment of exchange rates caused a modest territorial restructuring in favor of advanced market economies, strongly focused on a single territory—the FRG.

The situation was changing, creating "magnetic fields" for exports and imports. This was reflected primarily as follows:

- Cutbacks in investment activity and shifting its emphasis to especially current operating needs created by growing importation of essential production inputs.
- Pressure on imports of consumer durables, reflected not only in the growing share of consumer goods imports primarily from countries with a market economy, but also in the more or less unrecorded (formerly so-called noncommercial) imports.
- The persistently inadequate structural changes in favor of more sophisticated end products using less material and energy.

### Weaknesses in New Approaches

The entire economic regime which influences also foreign trade has unquestionably come closer to the system of market economies, meaning that the direct administrative methods have been curbed in favor of the

working of an economic environment and the government's overall economic policy. The concept of introducing a new economic mechanism—leaving aside the generally excessive attention to formulating nominal rules and a certain underestimation of putting into concrete effect an industrial and structural policy—had some weaknesses:

- Causing contradictory effects by massive devaluations of the koruna vis-a-vis convertible currencies in rapid succession: instead of encouraging an export orientation, they caused flight away from money toward hard currency and goods and eventually contributed more to worsening the external balance than improving it (if we leave aside the decline of exports to CEMA countries by roughly one-fifth due primarily to declining demand, even in exports to market economies where an 8 to 10 percent decline in export volume was noted even though the commercial and political conditions in most of these countries became more favorable to us).
- The genesis—by means of a financial and credit policy—of conditions providing no incentive to exports of engineering products and equipment but on the contrary encouraging exports of raw materials and products offering quick cash revenue; at a time when the change in payment terms for exports of machinery, equipment and investment components (a departure from the prompt payment in CEMA and generally a lengthening of the interval between export and payments) in itself places a financial burden for enterprises, this burden was made heavier by a restrictive credit policy and stricter interest terms; only anticipation of further devaluations, contrary to the intents of the economic policy, would motivate enterprises to enter into any resulting credit risks.
- An imperfectly handled introduction of an import surcharge.

There are still more causes of the unsatisfactory development of our export performance rooted in the microsphere, but if we fail to find a way to correct the aforementioned macroeconomic influences we will not get an export-friendly climate and establish a trend toward improving our external balance.

### Movements in Volume and Structure

The Czechoslovak foreign trade turnover expressed in current prices increased by 5.4 percent in 1990 over 1989; exports declined by 0.5 percent and imports rose by 11.4 percent.

To offset the impact of devaluation on the comparability of value data the values were recalculated in accordance with currency exchange rates, showing that in 1990 Czechoslovak exports declined by 12 percent, imports by just under 4 percent, and turnover by 8 percent.

The overall trade balance has shifted from a rough balance to the passive column—22.7 billion korunas [Kcs], that is, nearly one-tenth of the value of imports.

This is the second record trade deficit of the postwar period (1990, 9.5 percent of imports; 1977, 9.9 percent of imports).

How were reflected the changes in territorial structure? Here we saw a declining share of trade with countries of CEMA as well as the (former) socialist countries as a while, the increase going to advanced market economies. As for the individual countries, the weight of the USSR, GDR, Hungary and Yugoslavia declined significantly. On the other hand, the weight of Germany (FRG plus GDR plus West Berlin), Austria, Switzerland, the Chinese People's Republic has increased. But if we look at the situation from the point of view of the pressure generated by the shrinking market opportunities in CEMA and the increased commercial-political room in the advanced market economies (especially the United States and the European Communities), the territorial restructuring achieved in the past year still looks rather weak.

The sphere of material exports and imports of goods and services continues to be the key area in the overall structure of Czechoslovak external economic relations. Other areas—capital relationships, joint ventures or the sphere of marketable services, in spite of a certain revival in the first two cases, continue to play a less prominent role in our international links than they do in the advanced market economies. In this respect the lopsided trade balance is more acutely reflected in our overall payments and financial equilibrium because neither the sphere of the so-called invisible trade (marketable services) nor capital movements have a sufficient potential to compensate for the deficit in the trade balance.

There has been increased vitality in joint enterprising with foreign companies. The number of cases rose from roughly 60 joint ventures at the beginning of 1990 to some 700-750 by the end of the year; the amount of foreign capital invested in these enterprises can be estimated at between \$90 and \$100 million which is still quite low (measured not only against the volume of similar links between West European economies but also Hungary where the amount is nearly \$500 million).

So from a macroeconomic point of view the capital transfers to the CSFR are insufficient to compensate for the current trade deficit, which is not without effect on indebtedness, the koruna's exchange rate vis-a-vis foreign currencies, and the overall financial and currency standing of the CSFR.

From the macroeconomic point of view it is not the ideal situation when most of the capital infusions fail to contribute to the desirable goals of size and branch structure. On an average they are too small (capital investments in one-third of the total number of 750 joint enterprises are in the category of less than \$3,000) and of little benefit for upgrading the product structure of the Czechoslovak economy (marginal manufacturing or craft businesses, retail trade, travel agencies and the like,

without effect on the technological level of production, financial services and so on).

Rather than ushering in a more favorable and better managed situation, 1991 is likely to be defined by a continuing influence of certain factors which emerged last year. Any residual elements of the former mechanism will die out almost completely, but the space will not be filled with the stimuli and pressures of an established market. The absence of a structural industrial policy will be reinforced by nonstrategic elements in the behavior of enterprises and will continue to be an obstacle to a more targeted, more massive influx of foreign capital. The dwindling CEMA market and transition to world prices, convertible currency and comparable payment terms will cause a greater impact in 1991 than did the former GDR's sudden exit from the CEMA trade structure in 1990.

#### Before Results Arrive

Considering the sober facts, we must prepare for:

- A drop in the volume of CSFR's external material inclusion in world trade: following the decline of Czechoslovak share in world trade turnover by one-fifth (from roughly 0.5 percent to 0.4 percent) in 1990 as compared with 1989, a further decline by one-fourth is expectable (to 0.3 percent in 1991).
- An increased foreign trade imbalance: from a deficit of just under Kcs23 billion in 1990 to Kcs40-55 billion in 1991.
- Price conditions less favorable than in 1990, even if oil prices decline.
- Impossibility to compensate for deteriorating real exchange relations by increasing the export volume. This will have consequences for the negative trade balance and import restrictions. Hence we ought to be prepared for a further reduction in raw material and energy inputs, for instance oil (by at least one to two million tons).

Where do we see the way out of this situation? First of all, it should include the formulation and purposeful execution of a structural and industrial policy which would offer a guide to the company sphere including foreign investors for making their decisions. Furthermore, filling the legislative vacuum concerning entrepreneurial economic activity and the speediest possible closing of the unsettling gaps in privatization—in restitutions, ownership relations in agriculture, in the capital market. Even then of course we will not immediately have a guiding and disciplining market environment, so for some time in our external relations we will have to reconcile ourselves to the fact that the Czechoslovak economy will be unable to quickly correct its insufficient material inclusion in the world economy. We will also have to contend with developments contrary to the need for optimizing external economic relations. On the other hand, however, these developments would be a logical response to the requirement that a regime opening-up of the economy will regulate the external Czechoslovak

adjustment to a dimension and shape corresponding to the fact of the CSFR's 50 to 60 percent lag in labor productivity behind the average of the advanced market economies, and the proportionately resulting disadvantage in the competitiveness of Czechoslovak goods.

### **Convertible Currency in Trade With China**

*AU0606172991 Prague HOSPODARSKE NOVINY  
in Czech 5 Jun 91 p 1*

[Report by "kli": "Good Prospects for Trade With China"]

[Excerpt] [passage omitted] To the HOSPODARSKE NOVINY question about the method of settling mutual transactions, L. Martak responded that the just contracted export of 1,600 Tatra trucks is the last clearing trade conducted between the two countries. Its value of 84.5 million Swiss Fr will be applied to reducing the debit of 140 to 160 million we have in trade with China. The remainder of the debt should be paid by exports of mostly engineering products. Future trade between the two countries will take the form of payments in convertible currencies, barter, or countertrade. According to the Deputy Minister Martak, a way must be found to simplify the settling of the countertrade "bills." To the question of whether military technology will be a part of the Czechoslovak exports, L. Martak replied in the negative. [passage omitted]

### **Banker Views 3 Months of Currency Convertibility**

*91CH0634C Prague SVET HOSPODARSTVI in Czech  
26 Apr 91 pp 1-2*

[Article by Karel Machala: "Three Months of a Balanced Exchange Rate—From Information Provided to SVET HOSPODARSTVI by Tomas Parizek, director of the Department for Foreign Exchange Realization of the State Bank of Czechoslovakia"]

[Text] Internal convertibility is undoubtedly one of the pillars of the Czechoslovak economic reform. It helps to link the domestic market environment, which finds itself in the beginning phase of a search for stability, to already stabilized market economies. It makes possible the confrontation between the balance of the world market, which is constantly renewing itself, with the domestic environment, where balanced markets are just beginning to form. Domestic convertibility substantially altered the link between the economy as a whole (but also between each economic entity) and the outside world.

For the above reasons, we consider that monitoring the system of domestic convertibility of the Czechoslovak koruna [Kcs] to be extremely important for purposes of decisionmaking by Czechoslovak enterprises. On the basis of information provided by the leading specialist in convertibility and questions of foreign exchange, Eng. Tomas Parizek, who is the director of the Department for Foreign Exchange Realization of the State Bank of

Czechoslovakia, we therefore regularly monitor its development and its impact (see SVET HOSPODARSTVI, No. 4/1991 and No. 7/1991).

After more than three months of domestic convertibility, it is possible to state that the starting exchange rate for the Czechoslovak currency was set correctly, in the context of macroeconomic goals and accompanying measures. The price of foreign exchange corresponds to economic conditions in the market which are influenced by a restrictive budgetary and credit policy, which limits overall demand and, thus, also limits the demand for foreign exchange. This macroeconomic restriction is augmented by customs rates, by an import surcharge, and by regulation of payment conditions for imports.

If we compare the status of collections and payments with respect to foreign countries for January through March, we can designate their development as being positive. While in January liabilities amounted to \$200 million and in February they were \$80 million, March already saw a surplus of collections over payments—the positive balance amounted to \$114 million. However, we must consider the question of the petroleum account separately, where, during some months, there was a time shift between the time of purchase and the time of payment. The data for March are, therefore, somewhat better than they would be in the event petroleum shipments were paid for immediately, because the March shipments will be paid for later. On the other hand, the data for February are worse because, in the month of February, payments were made for the November delivery of petroleum (payable within three months). However, the overall trend is undoubtedly positive.

For purposes of equalizing the initial negative balance, use was made of part of the first draw of the credits granted by the IMF. However, this negative balance also incorporated the payments obligations of the bank, the reimbursement of interests and credits for last year.

At the beginning of April, the import surcharge was rescinded for imports required for production. This reduces the costs of imports, some costs of production are also reduced. As a result, some goods can be cheaper and more competitive, both in the domestic market as well as for export purposes, something which could be positively reflected in a higher offering of foreign exchange. To a certain extent, this rescission of the import surcharge can also mean an increase in demand for foreign exchange as a result of cheaper imports. Neither influence can be accurately quantified ahead of time.

It is a priority for the State Bank of Czechoslovakia to maintain a maximally stable rate of exchange and, at the same time, relax the less systemwide and less economic measures, that is to say, measures in addition to the already mentioned import surcharge which also act to restrict payments conditions. In this area, for example, the limit for making payments without the obligation to

consult was raised (from Kcs1 million to Kcs3 million), the prescribed credit period was shortened, etc.

Support for exports is also important. The State Bank of Czechoslovakia in no event wishes to travel the path of additional foreign exchange measures (devaluations) in the short run. However, other measures to support exports are being prepared. They involve, particularly, special export credits and insurance of export credits. However, we are limited by the existing resources.

For the present, we have drawn \$755 million from the International Monetary Fund in the first draw—the so-called standby facility (of the cash loan) in January. The second draw, which is to take place at the beginning of May, will be accomplished later for obvious technical reasons. Resources provided by the European Economic Community (they were to be available in April) will also be delayed because the various organizations of this grouping have thus far not approved their budget. Work is also going on with respect to the possible drawing of resources from capital markets, something which has hitherto not been accomplished primarily on account of the unsteady conditions in these markets (the influence of the war in the Persian Gulf, etc.). For these reasons, the relaxation of conditions is, for the time being, being pursued more cautiously, but it is definitely not in the interest of the State Bank of Czechoslovakia nor of the economic reform to be injecting insecurity into the foreign exchange area.

In April and May, the International Monetary Fund and the State Bank of Czechoslovakia are scheduled to undertake a detailed analysis of the situation. It would include not only foreign exchange reserves, but the entire monetary and fiscal policy, indebtedness of the public sector. As far as the existing evaluation of the situation by foreign specialists is concerned, they are not finding any kind of defects in our currency policy and not even the IMF is coming out with a negative evaluation.

The development of foreign exchange reserves is satisfactory. At the beginning of the year, they amounted to approximately \$1.2 billion; during January, the first draw on the credit from the IMF took place and they expressly increased. Currently, Czechoslovak foreign exchange reserves are higher than they were at the beginning of the year, that is to say, thus far the entire credit from the IMF has not been used. The IMF is monitoring the status of our reserves practically on a daily basis and has raised no serious problems. We are fulfilling the conditions which we set for ourselves in our memorandum to the IMF.

Although it may sound like a paradox, we are interested in becoming indebted, in attracting money from abroad, and in utilizing it in our economy. We need capital, we need loans, and we can afford a certain amount of indebtedness. However, it must be a type of indebtedness which is accompanied by a market allocation of resources into effective areas, which will result in increasing our foreign exchange revenues in the future.

And this is also aided by the domestic convertibility of the koruna which creates the same conditions for all economic entities with regard to their access to foreign exchange.

### Minister Views Drop in Exports, Imports

91CH0634F Prague HOSPODARSKE NOVINY  
in Czech 10 May 91 pp 1-2

[Article by "do": "Minister J. Baksay on Exports of Arms—Lower Exports and Imports"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] Foreign sales during the first quarter of this year amounted to 107.9 billion Czech korunas [Kcs] and were, thus, some 20 percent below the level of the comparable period of 1990. The volume of exports declined by 21.6 percent; the volume of imports by 17 percent. The overall balance ended up on the negative side at Kcs4.5 billion, shared only by countries with nonmarket economies, primarily as a result of trade with the Soviet Union.

These basic data on developments in Czechoslovak foreign trade during the first quarter of 1991 were provided by J. Baksay, federal minister of foreign trade, together with his deputies at a press conference, the regular holding of which will obviously become a good tradition at the ministry.

During the first three months of the year, Czechoslovak exports were valued at Kcs51.6 billion, with more than one-fourth going to Germany. The Soviet Union, accounting for 17 percent, was in second place, followed by Yugoslavia, Poland, Austria, Italy, Hungary, and other countries. The volume of imports amounted to Kcs56.2 billion, but the largest supplier for Czechoslovakia is the Soviet Union (32.6 percent), only then followed by Germany, followed by Austria, Poland, and other countries. In view of the fact that our most important import commodity is raw materials, the first place occupied by the USSR is readily understandable.

An express and not overly pleasing characteristic of Czechoslovak foreign trade in the first months of this year is the considerable negative balance in trade involving the CEMA countries; it reached a level of Kcs9.1 billion. The principal reason is the declining trend of Czechoslovak exports to this region (caused by a number of frequently discussed factors) on the one hand and, on the other hand, the sharp rise in imports from these countries; while the actual physical volume of imports is smaller, prices are rising faster, currency is changing, and rates of foreign exchange are undergoing correction. So that while imports accounted for not quite one-half of the volume of mutual trade in 1990, today they already represent more than 60 percent.

In judging developments in Czechoslovak foreign trade, Minister Baksay emphasized that foreign trade is being constantly more liberalized and that a new law is now moving through the legislative mechanism that



will deal with foreign trade activities which will, in the foreseeable future, be presented to parliament and which should mean the practical full liberalization of foreign trade activities. As concrete proof of the way the ministry is attempting to fulfill its fundamental role—namely, the creation of a suitable environment for foreign trade entities—Minister Baksay cited the rescission of the majority of import quotas by the European Economic Community, the inclusion of the CSFR into the general system of preferences (which virtually eliminate duties on Czechoslovak deliveries). The same advantages were granted to Czechoslovakia by the United States and it appears that we shall acquire similar preferences, starting in July, also from Austria. Bonn made it possible for Czechoslovak exporters to have their goods totally exempt from customs duties through the end of 1992. Within the framework of a proexport policy, the federal budget allocated Kcs500 million subsidized interest payments for selected export projects, the importance of which will be judged by a special interministerial commission.

Among examples of specific positive incursions on the part of the ministry was mention of the deblocking of outstanding payments receivable in Egypt, the assurance of clearing transactions involving India for the next two years, establishment of a commercial representative office in Israel, the dismantling of the import surcharge for deliveries made to the Arab Republic of Yemen, and several other projects, among which considerable attention was generated by a contract with Syria, valued at \$200 million and representing armaments products for Slovakia.

According to the minister, Czechoslovakia is consistently orienting itself to the conversion of the armaments industry, but nobody with judgment can anticipate that this will be accomplished over a number of months. The principles governing the export of armaments equipment were published and the contract with Syria has already been concluded. Something could change in it only in the event that the United States, which has reservations in this regard, would facilitate the actual conversion of the armaments industry through direct financial investments covering the value of the contract.

Syria will receive delivery of tanks which are already in existence and will be paid for in cash. Syria is among the countries with which Czechoslovakia has the largest amounts of accounts receivable tied and outstanding (an overall \$1.1 billion, including \$990 million which are already due) and it can be judged from indications that the present willingness of Syria to negotiate regarding these blocked accounts receivable is clearly connected with Czechoslovakia's willingness to deliver tanks to Syria. Similarly, Iran is showing interest in Czechoslovak armaments products.

### **Incorporation Laws Considered Inadequate**

91CH0634E Prague HOSPODARSKE NOVINY  
in Czech 8 May 91 p 5

[Article by Josef Seifert, doctor of jurisprudence: "Joint Stock Companies—The Most Rapid Way to Privatization?"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] Much has already been written about joint stock companies and their functioning under conditions of a market economy, but developments in recent weeks and days are convincing us that not so much has been written to make the responsible institutions and their representatives realize that a joint stock company is not an all-redeeming phenomenon.

To establish a joint stock company is not overly complicated. It can be done even by a very average lawyer or economist. But there is a great deal of difference between establishing a joint stock company as such and establishing a joint stock company fully in harmony with valid legal regulations in such a way that it would truly fulfill its function of an entity in the market economy.

However, the bone of contention arises in the event the "appropriate organ of state administration"—in other words, the ministry in its function as founder, rids itself of its task requiring it to establish the joint stock company. The first obstacle in the way of a successful establishment of a joint stock company (in certain circles, the term "state joint stock company" has become quite customary) by the appropriate ministry was and is the very Law No. 104/1990 on joint stock companies itself. According to the provisions of Section 15 of the law, the state, a legal entity, as well as a physical person may be the founder of a joint stock company. According to Section 25, Paragraph 4, and Section 62, Paragraph 1, of the law, a company can be established by the one-time method by paying off the entire basic capital, but this may be done only by a legal entity. In other words, no longer by the state or by a physical person. During the course of the second half of last year, however, some ministries, in their role as founders, courageously established joint stock companies by using the provisions of Section 32 of the law on state enterprises. This is the way such monsters as, for example, the CKD Praha Joint Stock Company came into being. The public was generally justified in asking the question whether this is not merely a case of repainting of companies in the same way in which this occurred in the past? However, judging this question is within the purview of economists. However, few ask the question whether the ministries can actually do that which they are doing—in other words, establishing joint stock companies and depositing material property of state enterprises which have been disestablished without liquidation into these companies? In my opinion and in the opinion of my colleagues, this is not possible. Neither the state nor a physical entity can establish a joint stock company in the above manner. This may only be done by a legal entity which, however,

the ministry as an organ of state administration is not. Someone could object that this is a shortcoming in the law. In part, he will be correct. The law on joint stock companies did not exactly, to say the least, come off too well. Nevertheless, the principal shortcomings must be seen on the side of the appropriate organs and institutions, unfortunately including the government, which, through their resolutions, sanctified such actions. The legislators were obviously aware of the shortcomings of Law No. 104 and of any possible consequences facing the transformation of state enterprises into joint stock companies where the stockholder will be the state or a state enterprise. That is why they clairvoyantly positioned Section 91 among the concluding provisions of the law, according to which the Government of the CSFR may stipulate the rules of procedure governing a one-time establishment of an enterprise and governing the procedures involved in transforming a state enterprise into a company where the stockholder will be the state or a state enterprise. However, this provision was never used and was completely lost in the political, economic, and legislative whirl.

In comparison with the above shortcomings, the violation of Section 5 of the Economic Code looms as virtually negligible; that section states that the enterprise register may not record an enterprise title which could lead to error as a result of its interchangeability. And companies which differ from each other purely by the fact that part of their commercial name has become the seat of the company (various CKD's, Tesla enterprises, etc.) came into being like mushrooms after a rain. Obviously, these companies will not worry about trademarks until they are drawn into a developed and functioning market economy.

Until the end of March of this year, I considered joint stock companies of the so-called holding company type to be a great evil. I absolutely agreed with the views expressed by Professor Stuna that the implantation of such purely market entities into a nonmarket environment is not the best solution. By proceeding according to Section 32 of the law on state enterprises, by using the provisions of the law on joint stock companies, ownership relationships did in fact change, but the same changes were not accomplished in the perceptions of the economic and of the management sphere. Consequently, a strong management tie in the vertical plane of the ministry (the founder) can continue to exist—the parent joint stock company, the daughter joint stock company, and even the granddaughter joint stock company. Dependency upon the former superior organization which is now the founder has, moreover, deepened still further. It is sufficient only to become familiar with the text of the law on joint stock companies and with the statutes and, thus, the jurisdictions of the general assembly which the founder is implementing in harmony with Section 63 of the law (the exclusive jurisdiction of the general assembly includes, among others, the distribution of the annual profits, elections, recall, and setting of rewards for members of the board of directors, the oversight council, and auditors).

The problems of joint stock companies do not end by what has been mentioned above. On the contrary. They are increasing, or have begun to increase in the month of March of this year the closer 1 April 1991 came. Not the month of April, but the day Law No. 92/1991 became effective—this law deals with conditions for transferring state property to other persons. This law acted to rescind the legal provision No. 364/1990 on handling property entrusted to state enterprises. According to Section 1, Paragraph 2, of this provision, the founder could, in justified cases, permit an exemption with respect to the transfer of the ownership of property which the state enterprise has the right to manage. This gave rise to several tens of so-called "100,000-Czech-koruna [Kcs]" joint stock companies which were established by state enterprises with the approval of the founder (Ministry of Industry and Ministry of Agriculture). Of the cases with which I am familiar, they were naturally entered in the enterprise register under the commercial designation which was identical with the designation of their founder. Why not, after all this company was to have transferred to it or deposited in it by the appropriate ministry all property of the state enterprise, including the rights and obligations—property of the state enterprise which was or was to be disestablished by the founder without liquidation, referring to provisions of Section 15, Paragraph 3, and Section 22, Paragraph 1, Letter b, of the law on state enterprises. Together with my colleagues, however, I am of the opinion that such a procedure is not possible. Apart from the fact that this procedure does not take into account Section 32 of the law on state enterprises, according to which a founder could proceed in this manner only until 31 December 1990, this would practically result in donating the property owned by the state to commercial companies—to legal entities. And not even the fact that the state owned the stock certificates could alter anything in this regard. The kind of impact these decisions will have will be shown by the future—possibly the very near future. One thing is already clear today, however. In the case of disestablished state enterprises which have been expunged from the enterprise register, the subject of rights and obligations was also expunged without being transferred to the joint stock company and without being liquidated. What this is, in other words, is an unsuccessful attempt on the part of the ministry (the founder) with all its consequences in the area of economic and labor law.

In conclusion, the question presents itself as to what led the ministries to such precipitous haste on the eve of the effectiveness of the law governing the so-called large-scale privatization that they totally overlooked the provisions of legal regulations cited in this article? Was it truly only an effort to achieve maximum simplification and to accelerate the process of privatization?

[Box, p 5]

#### **Possible Procedure Involved in Establishing Joint Stock Companies Out of State Enterprises**

This is the title of a document submitted for discussion to the Government of the Czech Republic dated 23 January 1991. Its abbreviated text is presented below:

The fact that the provisions of Section 32 of the law on state enterprises ceased being effective on 31 December 1990 is exerting a negative influence upon the preparation of economic entities for privatization and also slows down the entry of foreign capital into Czechoslovak enterprises in some cases.

To the extent to which state enterprises are within the jurisdiction of founders which are suitable for transformation into joint stock companies, it is possible to apply the following procedure:

1. On the basis of approval by the founder, the state enterprise will deposit a portion of the property which it is authorized to manage into the joint stock company for which it will be the sole founder. This will involve a one-time establishment of the joint stock company and the minimum basic capital in such cases must amount to Kcs100,000.
2. After the joint stock company has come into being, in other words, after it has been recorded in the enterprise register, the state enterprise will notify the founder that it proposes the disestablishment of the state enterprise in conjunction with the provisions of Section 22, Letter b, of the law on state enterprises.
3. The founder shall, on the basis of the proposal of the enterprise, disestablish the state enterprise without liquidation, following discussion in the enterprise council, in conjunction with provisions of Section 15, Paragraph 1, Letter a, and Section 22 of the law on state enterprises and shall implement measures covering all of this enterprise's property and obligations, according to Paragraph 3 of the same law. The referenced measures shall consist of transferring all property and obligations of the state enterprise to the already established joint stock company in return for a corresponding number of shares of this establishment. The decision regarding the original shares shall involve their transfer to the founder.

### **Establishment of Stock Market in Prague Debated**

91CH0634A Prague HOSPODARSKE NOVINY  
in Czech 10 May 91 p 9

[Article by VP: "The Recommendations of Foreign Specialists—Prior to Establishment of a Securities Market"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] At the initiative of the Organization for Economic Cooperation and Development (OECD), an informal consultation regarding the problems of establishing a securities market in the CSFR was held and involved participation by our representatives and stock market experts from seven OECD member countries. The results of the consultation led to the processing of two memoranda, which contain a number of recommendations, of which we here draw attention to at least a few.

The law on the securities market should not specify the legal form in which the market is to be established. The founders should be left with the opportunity to select the most suitable form. The law should specify the procedures to be followed in establishing a market and the principles which will guide it in its activities. These principles should particularly deal with the transparency of market operations, the observation of dignity in trading, a set of information required from participants in market transactions (particularly from enterprises whose securities are quoted in the market), principles pertaining to the act of trading in the market, and market supervision. The law should characterize the organization of the market in outline form as an independent organization. The law should also stipulate that the establishment of the market must be approved by the Ministry of Finance with the provision that the market is obligated to issue its statutes, trading conditions, and possibly other regulations as well.

To the extent to which the market were to be established in the form of a joint stock company, considerable attention would have to be devoted to delineating the relationships between the founders (stockholders) of the market and participants in market transactions, as well as to relationships between organs of the joint stock company (in accordance with the law on joint stock companies) and the actual organs of the stock exchange. It is purposeful to place prior restrictions on the possibilities of the coming into being of conflicts of interest between stockholders and participants in market transactions and between individual organs. Such conflicts generally arise whenever the mission of the stock exchange is not clearly delineated. The exchange must cover its own expenses and must be capable of even covering the expenses required for its own development. At the same time, however, it must strive to see to it that its services are provided as inexpensively as possible and that the exchange not bring about an outflowing of transactions to areas outside of the market.

With respect to the number of markets, the participants of the consultation felt that the law itself should not place obstacles in the way of establishing even several markets in a given state. However, it was very emphatically noted that one market for securities must exist in one state. Given the existence of several markets, this virtually means that one of two possibilities must be chosen:

1. Securities of the same kind are traded on more than one stock exchange; then it is necessary to assure that price arbitration does not take place and that conditions for trading the securities are not softened.
2. Each exchange trades only a certain type of security which then may not be simultaneously traded by other exchanges. In the OECD memorandum, it is specifically stated that it is possible for each of the two republics to have its own stock market which would list the shares of different corporations; the stock markets would have differing statutes. However, this solution would "... not be in the interest of

investors in the CSFR and in the interest of developing a broader and deeper market in securities in the CSFR generally, to the extent to which (these exchanges) would not be operating on the basis of federal regulations."

The participants in the consultation are recommending that more complicated systems of trading, based on the utilization of computers, not be introduced at the very beginning of activities. It is much more useful to begin with a system of trading on a trading floor which can be augmented by the addition of computer support in the listing of orders and computation of prices. A broader utilization of computers (a so-called trading via the screen) can be recommended only in the event the volume of transactions is significant, in view of its high costs.

A very interesting and controversial debate developed surrounding the question of the role of the bank on the stock exchange and direct bank participation in trading in the market. As is well known, in a number of countries the direct participation of the banks is restricted (Belgium, Denmark, France, Italy, Spain, Great Britain, and others), whereas in other countries it is permitted (Germany, Austria, Switzerland, the Netherlands, and others). The restriction of the direct participation consists mainly of the fact that the bank may enter into the market only through its branches, whose financial management is strictly separated from the remainder of the bank management functions. The advantage of this solution is seen not only in the restriction of the risk to investors, but, among others, even in the possibility for the appropriate branch offices to acquire a higher degree of specialization and to provide higher levels of services. To the extent to which the direct access of the bank is not restricted, it is recommended that the exchange stipulate strict rules which would guarantee the protection of the interests of investors and require the bank to prove that it is professionally qualified to participate in stock market trading transactions.

The problem of extramarket transactions also caused a very lively discussion. For the CSFR, this question resulted in the recommendation to make efforts to prevent the fragmenting of the securities market. "A centralized market provides the best conditions for maximizing liquidity and facilitates a high level of investor protection." In the opinion of the OECD experts, the most effective method of preventing the fragmentation of the market is to require stock market shareholders or participants in stock market transactions to conduct all trading transactions involving securities through the stock exchange. The solution, which was implemented in several countries, whereby the securities market is granted a monopoly for trading securities by law is not recommended. However, the introduction of the obligation to provide information is absolutely essential.

With respect to the question of deadline transactions, the OECD experts adopted a completely unified negative position, pointing out that this type of transaction should

be prohibited in view of the risks for investors which they bring about in an undeveloped financial market.

On the question of the usefulness of exempting securities from taxation, it was stated that it is necessary to prevent the possible violation of the logic behind the taxation system which would occur, for example, by providing tax relief for owners of securities (or of certain types of securities, or only for certain groups of owners). At the same time, however, it was conceded that there is a possibility of asserting the system introduced, for example, in France and Belgium, where the payer of income tax has the possibility of deducting the amount (with limitations) which corresponds to the nominal value of the securities he owns. The purpose of this provision is to support investment in securities. In the discussion, attention was also drawn to the necessity of preventing the double taxation of dividends paid by joint stock companies.

On the question of investor protection, the OECD experts recommend that the law on the securities market had best leave the handling of these questions directly to the stock exchange; to the extent to which a decision is made to establish a special organization (for example, a commission for securities), then questions of investor protection would be handled by that organization. Questions of investor protection include particularly the stipulation of clear rules for market oversight, the accentuation of the requirement for honest trading and for adhering to the moral code governing trading, working out rules for providing information by companies whose securities will be traded on the exchange, or whose stocks will be officially quoted.

#### **Forestry Minister Discusses Gabcikovo Project**

*AU0606173991 Bratislava SLOVENSKY DENNIK  
in Slovak 4 Jun 91 pp 1-2*

[Interview with Viliam Oberhauser, Slovak minister of the forestry, water economy, and wood-processing industry, by Ivan Jantak; place and date not given: "An End to Bringing Jars to the Sahara"]

[Text] [Jantak] Is our decision to finish the Gabčíkovo hydroelectric power project really a violation of international law, and will it interfere with the state borders at all? This is what our southern neighbor affirms.

[Oberhauser] Not only experts from Slovakia but also from the Federal Ministry of Foreign Affairs have dealt with this problem, and their unequivocal response is that no violation of the international treaty is involved. On the contrary, the "C" alternative involves the construction of a reservoir, dams, and a dike wall only on our territory and has nothing to do with sovereign Hungarian territory. If someone has violated the international agreement then it is the Hungarian side which, in addition to this, has caused us significant damages. In such a situation it is only understandable that the other state has the right to adopt a temporary and provisional

solution by which it will minimize the arising damages. Our decision is not in contradiction of any agreements that we concluded with the Hungarian side. On the contrary, we insist on the completion of the entire system of the hydroelectric power project and, consequently, on compliance with the international agreement pertaining to it.

[Jantak] Prior to the start of the completion work on 1 July this year, negotiations with the Hungarian side will take place again. Does it make sense under the given circumstances when it is generally known that our southern neighbors have even put out a tender for returning the Nagymaros region to its original state?

[Oberhauser] We consider it necessary and honest to inform them about our further steps. At the same time, by this we want it on record that our side is proceeding according to international law and that it wants to live in good neighborly relations with the Hungarian Republic.

[Jantak] Does that mean you believe that the completion will not be a source of tension in Slovak-Hungarian relations?

[Oberhauser] It seems to me that this question may become a controversial issue but our partner must understand that the damages that arise due to the hydroelectric power project falling into disrepair are not acceptable to us. We examined all the possibilities of completing [the project] and arrived at the conclusion that the "C" alternative is the most acceptable one at present. The question you have asked also pertains to the Hungarian domestic political situation because even in that country there are supporters of—as well as opponents against—the completion of the hydroelectric power project; that is, there are sources of tension.

[Jantak] We know that completion work is to start on 1 July. When will it be finished?

[Oberhauser] We expect that the first kilowatt-hours of electric power will be produced in turbines in the first half of next year. However, it is necessary to say that there are certain deadlines that are linked to the diversion of the Danube's flow, and if we miss some of them then the operation may be postponed by one year. This means that it is necessary to proceed flexibly and very quickly.

## HUNGARY

### Gambling Casinos Spring Up in Budapest

91CH0585A Vienna DER STANDARD in German  
15 Apr 91 p 16

[Article by Janos Szabo: "Budapest Is Turning Into Europe's Gambling Capital"]

[Text] Budapest—The monks of St. Dominic would turn over in their graves if they knew that their modern followers have set up a gambling casino in the tower of their Church of St Michael. The first casino in the East

has been operating for the past 10 years—to the joy of the former communist as well as the current bourgeois government: "We are paying \$5 million in taxes," the general director, Dr. Imre Gelai, stated proudly.

The example of this casino, opened in Budapest's fortress district and initially intended for foreigners only, has been widely followed. This year the river steamer Schoenbrunn anchored at Budapest's chain bridge for the third time, to serve as a floating casino until late fall. In December the Hungaro-Austrian casino corporation (owner of the first two gambling operations) opened its third establishment across from the Forum Hotel in response to the growing demand on the part of Hungarians, who have been permitted to gamble since 1990. The concession for opening that casino cost \$1 million, but even this amount does not appear to have intimidated the entrepreneurs, because more gambling establishments are available on Gellert Hill in the Citadel and near the Empress Elizabeth Bridge across the Danube. Every evening, some 200 visitors—two-thirds Hungarians—visit the Imperial Casino, located in the elegant ambiance of an art deco building. German marks are used for gambling here as in the other four casinos.

The croupiers are usually young women who take a training course after graduating from high school. They must be able to speak two foreign languages—preferably German and English—and have a talent for handling combinations.

Guests are not on the average generous with tips. Still, a young croupier says: "At 20 I get the same pay as a government minister, so I do not depend on that small change." The casino managers complain that, with five gambling houses, Budapest is at the head of European casino cities. However, rich people do not come to the Hungarian capital, and gamblers are able in one night to visit several establishments. A third of them are regulars and always welcome.

Admittedly, the proliferation of casinos has meant lower profits. Not that the government cares: It takes in 65 percent of casino earnings. To improve tax revenues, three more gambling casinos are to be licensed. Consequently, the existing casinos have been compelled to improve their attraction by offering potential clients additional incentives, such as lotteries.

## YUGOSLAVIA

### Sachs's Proposal for Privatizing Slovene Economy

91BA0662A Ljubljana DELO in Slovene 4 May 91 p 24

[Article by Silva Ceh: "Quick and Superficial?"]

[Text] His appearance before the Slovene Assembly a full 10 days ago was the direct cause of the resignation of the deputy prime minister of the Slovene government, Dr. Joze Mencinger, who is also the ideological father of the

Slovene privatization law that he has been preparing together with several experts for more than half a year. It would be very superficial to think that Mencinger resigned because Sachs had more experience with privatization. The fact is that Mencinger was building upon his basic concept, which was also blessed by the Slovene Assembly last June—namely, that Slovene privatization would be autonomous and decentralized, and would pay for itself. "Autonomous" means that Slovene enterprises themselves would decide on privatization, since they have more market experience than East European enterprises do. "Decentralized" was supposed to mean that privatization would not be conducted from one state center. "Paying for itself," with a discount, was supposed to represent an approximation to the West European privatization model. It is human nature that as a rule things given for free are handled badly, and in the second place, what is given as a gift or distributed cannot be gotten back so that the process could be started over, if it turned out to be a permanent one.

The assembly has not yet officially abandoned these principles of privatization. The door to the Slovene parliament was also quite certainly opened to Sachs by the desires of the parties for partial, if not completely immediate privatization—consequently, after a distribution that is completely at odds with the starting points of Mencinger's [draft] law.

To date, the distributive model of privatization has not yet been confirmed in any East European state, whereas West European countries have consistently used the model of profitable privatization in privatizing state enterprises. In Mencinger's law, he was hunting for a balance between the two. Even in Poland, where Sachs's model has been followed most, there have not yet been any really concrete distributions. The Poles, however, have succeeded in convincing significant foreign creditors to renounce at least in part the collection of Polish debts. We can only guess how much they owe the write-off of the debts to Sachs. It is certain, however, that Sachs considered the magnanimity of foreign creditors to be a condition for the success of the Polish reform, and for reforms in the former socialist states in general. It is interesting that about two days before Sachs's presentation in the Slovene Assembly, Dr. Janez Drnovsek, who brought Sachs to visit Federal Prime Minister Markovic in the fall of 1989, and now to Slovenia as well, in a conversation with the president of America's central bank, according to newspaper reports, "hinted that in our case as well the international financial community would have to think about possibly writing off our debts, just as the United States had recently done in the case of Poland."

Sachs's, and the just emerging Slovene, variant of distributive privatization was already topical in March 1991. It was not yet a direct threat to Mencinger's law, which had been confirmed by the assembly deputies and was to be passed in April, after six months as he had been promised, but it had obviously already been carefully put away in the Slovene government's upper drawers. The first news of the existence of Sachs's program and the

split within the government became public at the end of March. At that time, however, Dr. Mencinger maintained that he had not been informed of the details of Sachs's position on Slovene privatization. For the time being we will not analyze how Sachs's position turned into the present proposal, which finally caused Mencinger's resignation (Dr. Janez Prasnikar: "It is bad that he resigned, because the government has lost what credibility it had."). That position has changed too much, and is obviously dependent upon the political and also economic interests of the emerging Slovene elites.

In the assembly, Sachs persuaded the Slovene deputies with the already somewhat banal observation that Slovenia was in a very deep crisis, that it was facing a change from a socialist system to a capitalist one, and that it was facing the establishment of national sovereignty. Among the more important tasks, he explained at first, would be the establishment of property rights. The draft of Mencinger's privatization law, which was supposed to lead to this, had fundamental errors, in Sachs's opinion. France Tomsic was the first who then told him that "more than half of the parties in the Slovene parliament support rapid, and consequently distributive, privatization." Thus, at the very beginning Sachs won the points that any privatizer wants for himself. He thanked Tomsic for stating the essence of the truth, which is that privatization has to be rapid and that social property, as he put it, has to be returned to society quickly. He also praised the basic approach presented by Tomsic, i.e., that shares should be distributed to different social groups, which could be done, as he asserted, in a scant year. He admitted that he no longer had any confidence in vouchers. Now he would transfer shares in large enterprises (in the assembly, he mentioned the 200 largest ones) to investment funds. He would then distribute shares from those funds' portfolios to the people. Sachs actually did not promise Slovenes too much wealth from this distribution. In that portfolio, everyone would receive the right to a small portion worth several hundred dollars. That small portion, i.e., that share, which every citizen would receive, even though it would actually be in one of the investment funds, would give him access to dividends. In the assembly discussion, Sachs did not dwell too much on the sensitive area of privatizing enterprises operating at a loss, even though in his written proposal he had also criticized Mencinger's law for not ensuring the privatization of enterprises operating at a loss.

And now, for a somewhat more precise presentation of Sachs's model, presented in the assembly, which because of his great changeability should in any case be taken with reservations: he would give employees a minority share (from 10 to 20 percent); part, up to 40 percent, would be retained by the government for later sale to domestic and foreign purchasers, and about 30 percent would go to the investment funds, which would be the base for distribution of the shares to adult Slovenes. The Development Fund would operate with shares that could

be given as compensation to former owners, and then to those who could invest them in retirement funds or commercial—in our terms, business—banks. This would happen with the large enterprises. Small ones, i.e., those with less than 500 employees, in Sachs's opinion, could be bought by a single owner, the employees, or financial institutions.

Considerably more directly than most authors of privatization models, Sachs proposes control of the enterprises, which, of course, would turn into stock companies with the transfer of ownership to investment funds and others. That transfer, according to Sachs, is called the commercialization of enterprises, although it is nothing more than merely a bookkeeping division of the ownership of enterprises among different funds. The stock companies would be managed, i.e., controlled, by outside boards of directors. This, according to Sachs's March proposal, would lead to pluralist management of the large Slovene enterprises. Sachs has not yet specified in his Slovene privatization model how such a pluralist mechanism of management would be specifically established, and who would become members of the boards of directors. Perhaps in this regard we can help through what he proposed in Poland. There, "after the expiration of the one-year term of the first board of directors, which would be appointed by the government, it would be replaced by a second board of directors which would be appointed for three years by the stockholders." There is no lack of opinions that this is, above all, typical nationalization, although concealed and difficult to carry out.

In his March privatization proposal, Sachs's distribution percentages were specified somewhat differently than the way he presented them to the assembly. Is it worth while to dissect them consistently, when it is clear that Sachs will prepare an amended program? Of course, if that is what the Slovene Assembly decides. Who is responsible for privatization now, after Mencinger's resignation, is unknown. When we inquired at the Slovene government's secretariat whether Dr. Boris Pleskovic, who was coordinating things with Sachs as an adviser to Prime Minister Lojze Peterle, could tell us what the government's position on Sachs's proposed solutions was like, we received the answer that Pleskovic was not issuing statements until further notice. In response to our question about who was issuing them then, we were left to keep asking.

#### Off the Record

Virtually none of the Slovene economic experts are prepared to assess Sachs's proposal, even though, if it is adopted, they will bear its consequences together with the rest of us. Thus, at the Bajt Institute we could only find out unofficially that the advantage of Mencinger's law was that it had already been drafted, and that the disadvantage of Sachs's was that it was only at the level of a theoretical idea. Mencinger's is also better because it is broader, since it includes the appraisal of enterprises, where Sachs does not deal with that at all at this stage. It is also mentioned without ill will that last year in Poland

Sachs was still "selling" a pure voucher system, and that by introducing investment funds later on he consequently made a major reversal in his approach to privatization. (A voucher system means distributing property to inhabitants in the form of some sort of coupons, written certificates, etc.) This indicates Sachs's adaptability, if not something completely different. It is not known precisely when Sachs rejected the model of distribution by means of vouchers, which is technically difficult to carry out—some say absolutely impossible. It is probably true that Poland, the headquarters of Sachs's model, has not yet established any of the necessary funds on which Sachs is now basing his model in the case of privatization in Slovenia.

Otherwise, what remains most indigestible is economists' opinion that it is not possible to make an expert assessment of Sachs's program. Some people in the leadership of the Slovene Development Fund also agree that his proposal for distribution does not have any connection with economics, and that it is solely a political issue or decision. Both the Fund and the Privatization Agency are now just waiting, in the wake of Sachs's proposal, for the wind to die down. Dr. Marko Simoneti, the Agency's director, is also remaining cautiously quiet. He has just returned from the United States, where he was one of the speakers at the World Bank's annual assembly, while Jeffrey Sachs delivered the opening speech.

Economist Janez Prasnikar has still been the most frank, however. He characterized Sachs as an American economist who obviously looks at things the way Americans do: "you come, you go; if you do not, say, 'You did not follow my directions.'" Allegedly, among certain serious economists in the United States, where Prasnikar is a fairly frequent guest, one can also hear the opinion that the Harvard wunderkind also has the characteristics of a charlatan. In any case, Prasnikar, who does not want to criticize a professional colleague, i.e., Sachs, says that the Harvard graduate has at least two ambitions: he wants to win the Nobel Prize, and at the same time he also wants to deserve it.

#### Why Did Sachs Leave Belgrade?

The Slovene deputies did not find this out when they also stirred him up with "Yugoslav" questions, like Edvard Oven, for example, who thought that Sachs had also established a starting point for the Yugoslav part of privatization. Sachs answered that he had not had his fingers in the federal law on privatization, and that he did not welcome the law.

Otherwise, he praised Markovic for allegedly setting things up well, still, he took particularly mistaken steps with respect to privatization. Sachs: "It is true that 1989 showed that it is possible to carry out reforms from the center. Dramatic political changes then occurred, however, and in a political framework like the one now, such a reform can only be carried out by the republics. Regardless of whether Markovic has a good program or



not, he cannot carry it out now. Slovenia can only return to Europe through the republic. I think that the idea behind this policy is good and that the guidelines are clear, and consequently I hope that things do not get stuck right here with you."

At any rate, an interesting answer, which may become more comprehensible to us ordinary mortals if we connect it with Sachs's participation in the Polish privatization model. As we are informed by our colleague Ilija Marinkovic from Warsaw, his participation in it, in fact, can hardly be recognized, "since many measures have been dictated by the terms that the International Monetary Fund sets for all large debtors (including Yugoslavia)."

The problems raised by privatization may become a difficult task for Sachs. For the time being, he has convinced the Slovene parliament that restitution in kind, which many parties are advocating, would cost too much. He simply characterized the denationalization mood as a mistake, a waste of time and so forth. Will he persist in this, or will he come next time with an option that will even be acceptable to most of the formerly dispossessed?

**New Slovene Finance Minister Interviewed**  
*91BA0767A Ljubljana NEODVISNI DNEVNIK*  
*in Slovene 18 May 91 p 5*

[Interview with Slovene Finance Minister Dusan Sesok by Alenka Brezovnik in Ljubljana on 18 May: "High Expenses of Independence"—first paragraph is NEODVISNI DNEVNIK introduction]

[Text] Ljubljana, 18 May—The 38-year-old graduate economist Dusan Sesok, the director of Julon, as a result of the resignation of Finance Minister Marko Kranjac, has become republic finance secretary overnight, so to speak. He had to decide in a few hours, but if he had had a whole day to think about it, he says, he would not have decided on that step. It is understandable that in a few days he has not yet been able to develop a program for the Ministry of Finance, but he has already gathered some impressions in these three days.

[Brezovnik] You took over the Finance Ministry as a "pure" economist, and so all the difficulties are very well known to you, even though you headed a successful enterprise. As minister, what do you intend to do on behalf of the economy?

[Sesok] I could hardly promise anything, since promises have to be fulfilled. Now, when I am becoming intensively involved in the financial area from the standpoint of the state, I am finding out that things are not simple, and that solutions are complex and difficult. Improving the situation for one enterprise could mean making it worse for another one.

I am encountering extremely strong pressures on the republic budget, and a lot of things that were not specified in the budget and are not free. In this regard I

am thinking primarily of the expenses of independence, for example, establishment of the border with Croatia, if that happens. Also, the state apparatus itself will cost much more, since previously we were only a branch of the federal state. There are also the classic pressures upon the budget from the areas of health care, education, the infrastructure, roads, and railroads. All of the beneficiaries complain that they do not have enough money, but it is not possible to ensure that they have an increased amount of funds in the budget.

[Brezovnik] By what measures do you intend to prevent a budget deficit?

[Sesok] That will be extremely difficult. Because of the deterioration of the economy, revenues are coming in less often, and the collection percentages are not exactly the best. In four months, we have only succeeded in collecting 26.5 percent of the funds. At the end of the month we intend to eliminate the commission for depositing contributions, and to collect the latter through the Public Auditing Service.

[Brezovnik] How would you comment on the statement by Federal Prime Minister Markovic that he will not allow unilateral secession, that disassociation will only be possible after negotiations, and that all the republics are obliged to pay to the federation all their obligations, including customs duties, which he also intends to collect?

[Sesok] We are continually spending money, and if we set aside part of the customs duties for the Federal Treasury, I do not see any possibility of being able to keep the budget without a deficit. Markovic will not be able to collect the money. Slovenia has already submitted a proposal for a distribution balance, and we are only consenting to a civilized dialogue.

[Brezovnik] Among the secession laws, the assembly most criticized the Law on Foreign Exchange Transactions; it was said that it would increase depositors' lack of confidence in the banks.

[Sesok] In any case, that law is not under my jurisdiction, but I think that we should take justified criticisms into account and incorporate those comments into the law. But I am afraid that we have already lost foreign exchange depositors, and that we will not be able to win them back for a long time yet—at least 10 years. Everything, of course, depends on whether our performance as an independent state inspires confidence.

[Brezovnik] Rehabilitation of the banks is awaiting you. Will you be able to cope with that difficult task?

[Sesok] Analyses have been prepared, so that we will at least know what the situation is like. The Law on Banks, of course, has been beautifully written, but the same thing may happen as with the Law on Bankruptcy, that it simply will not be possible to implement it. We intend to encourage competition, and that is why in the long term



there may be some strong, smaller banks. The Agricultural Bank and the New Bank are already developing well. Personally, anyway, I am not enthusiastic about the division of the Ljubljana Bank, since the larger a bank is, the easier it is for it to operate in the world.

[Brezovnik] What is your attitude toward the increasingly more frequent bankruptcies and the crisis in what, until recently, were successful enterprises, such as Elan, for instance?

[Sesok] That is an extremely difficult problem, since it is easiest to say that whoever is incompetent should fail. If we adhered strictly to this, more than half of the enterprises would go bankrupt. We could solve a lot of things through auctions. Personally, I do not support having too many enterprises become state property. For instance, I would rather sell the Kidricevo TGA [alumina and aluminum works] to a foreigner than have it kept in the republic budget. All of the state enterprises, in fact, are a burden upon the budget, which cannot withstand greater pressures.

[Brezovnik] The Law on Privatization has divided the government and economists, and has resulted in resignations. Even though it seemed that people were in a great hurry with it, it has died on the assembly benches. What is actually going on?

[Sesok] The government is preparing a new privatization law. It is modifying the version of Sachs and his economists, and in certain aspects is approaching Mencinger's version. We are trying to prepare the law within an appropriate period. Whereas Dr. Mencinger had a considerable amount of time, we are in a hurry. The law is extremely difficult, and it has advocates, well-known economists, on both sides. I repeat that it is not Sachs's law, as it appears to the public, but instead it is being prepared by the government, which will also take responsibility for it.

[Brezovnik] One of the most painful sore points in Slovenia is the roads. Now there is already a complication regarding two stretches of highways, since the deputies did not want to pass a law overnight on a guarantee from Slovenia. How will you solve that problem?

[Sesok] Next week we intend to meet with everyone associated with the roads. I personally support building the highways, and although there is a shortage of money, we should finance at least the program that has been agreed upon. There are several possibilities. We may enter into new arrangements and give guarantees for the projects, and squeeze out some more money by rebalancing the budget. We will try to arrive at a larger project, up to 200 million [German] marks or more, in order to link Slovenia by highways. What we want is to give a concession to future investors, without a government guarantee.

[Brezovnik] What will 27 June, the day after independence, look like from a financial viewpoint?

[Sesok] Things have not yet been worked out. My predecessor, Dr. Kranjec, for whom I have high esteem, did not arrive at a consistent program, which we are still intensively working on. We anticipate great difficulties. It has not yet been decided what will happen with the money, either in time or in form. Consultations are still going on, and a summary of the problems has been prepared, but we are aware that urgent solutions will be needed.

[Brezovnik] And as finance minister, what bothers you most?

[Sesok] I can say that it is the entire area of finances. Without having mastered it, I nevertheless have the feeling that we have made certain decisions in a rather amateurish manner. We have not yet put together a consistent system. Secession laws are one thing, after all, but the monetary sphere and the sphere of privatization have not yet been developed and at present, we do not have anything to offer the deputies to adopt.

## CZECHOSLOVAKIA

### Additional Rise in Criminality Predicted

91CH0618A Prague LIDOVE NOVINY in Czech  
14 May 91 p 11

[Interview with Otakar Osmancik, Ph.D., Doctor of Law, director of the Criminology and Social Prevention Institute, by Milan Vybulka; place and date not given: "Crime on the Attack"—first paragraph is LIDOVE NOVINY introduction]

[Text] "During the next five years we must expect a further sharp increase in crime. We are in an extraordinary transition period. All kinds of criminal offenses have still survived from the old economy. And socially harmful actions, which are a special feature of the present transition period, are appearing for the first time—for example, machinations during the privatization auctions. In addition to this, we expect an influx of offenses that are typical for a market economy. For example, the Canadian criminal law includes more than 25 criminal acts related to commerce, which are so far unknown in our criminal law. In this country, we will also soon find stock exchange swindles, crimes in the tax sector, banking transaction offenses, credit card forgeries, computer-related crimes, unfair competition, or feigning business failures. We expect an increase in organized crime, the creation of new types of mafia, and the development of the drug trade.... We must also realize that during the next few years the largest birth year groups will reach the age at which people usually commit crimes," we were told by the leading Czech criminologist—the Director of the Criminology and Social Prevention Institute, Otakar Osmancik, Ph.D., Doctor of Law.

[Vybulka] According to a public opinion poll, the high crime rate worries most citizens. People are asking why it has risen so sharply lately?

[Osmancik] In simplified terms, one can say that every change in society, especially if it is accompanied by changes in the economy, is connected with some disorganization. Generally binding standards, particularly moral ones, are no longer applicable. However, changes in society are not the sole cause of the rise in the crime rate. The crisis of the totalitarian regime was so profound and multifaceted that even if that regime had continued for some time, there would still be an explosion in the crime rate. Notice how strong the regime's tendency was to separate people from politics, from public matters, and to drive them underground in various ways. Notice how a primitive consumer mentality, directed toward basic material values, was encouraged; yet this was done in a chronically deficit society, where there was essentially nothing with which to satisfy these needs.

[Vybulka] One could say that before November the rise in the crime rate was prevented by various mechanisms, which enforced control and discipline on the citizens: an abnormal fear of criminal proceedings, the fear of omnipotent superiors, as well as so-called party discipline.

[Osmancik] They did prevent it to a considerable extent. This is connected with the paternalistic conception of a state, which tries to regulate absolutely everything, all human behavior, through a multitude of various legal provisions, which regulate absolutely everything from the cradle to the grave.

[Vybulka] Can we, in fact, compare past and present statistics on the crime rate?

[Osmancik] The statistics were intentionally distorted, so that they would demonstrate, on the one hand, the success of the society as a whole, and on the other hand, of the individual departments of the Ministry of the Interior. However, we can state that our crime rate was lower, for example, than Poland's. But the comparison is made more complex by hidden (latent) crime, which can differ in two neighboring countries.

[Vybulka] Let us move on to the turning point after November 1989. A police force, which was not of a very high quality, was affected by necessary organizational and personnel changes.

[Osmancik] I do not want to condemn our police force across the board; for instance, the criminal investigation service has always been good. No police force in the world, however firmly established it may be, could deal with such an enormous increase in crime. The shortcomings, which still exist today, were primarily in the organizational structure. Though the conditions are absolutely incomparable, the structure is the same in Prague and in Prachatice and, in addition, the police force is very badly equipped both materially and technologically. Nevertheless, last year it solved more cases than in previous years. However, in relation to the number of reported offenses, the proportion of those solved is lower than before.

[Vybulka] Do you still believe that the amnesty had nothing to do with the rise in the crime rate?

[Osmancik] If the theory, that the rise in the crime rate was due to the amnesty, were correct, the rise in criminality would have had to stop, at the latest, by the end of last year. Experience from past amnesties shows that people who are granted amnesty commit illegal acts during the danger period of the first three to six months after their release. The amnesty posed a danger in the sense that over 20,000 individuals suddenly entered an unprepared situation within a short period of time. Under these circumstances, it is an achievement that, on average, only 8 percent of the individuals granted amnesty again committed a criminal act. I am not talking about the gravity of the act. In some kinds of criminal acts, for example those involving property, the proportion of the people granted amnesty was significantly higher. In murders, too. The number of habitual

offenders among the perpetrators is also an indication. At this time there are tens of thousands of first-time offenders.

[Vybulka] Tens of thousands of honest citizens, who decided to commit a criminal act. The idea is rather horrifying.

[Osmancik] We must not forget that, due to the past regime, the citizens have a potential criminal value orientation. In contrast to the citizens in a mature democracy, few people here intrinsically understand where their rights stop, and the rights of others begin.

[Vybulka] It seems that we still have a rather indulgent attitude toward some infringements of the law, some types of crimes, for instance theft.

[Osmancik] The high level of tolerance toward committing criminal offenses is the result of historical development. It evolved gradually. Due to the fact that people in this country felt themselves to be in opposition to the regime for decades and felt deceived or manipulated by it, they did not consider it to be their own and they did not consider the standards set by it to be their own. Why should one take notice of regulations, if almost every action violates them? How was a citizen to react, when every day he saw that certain kinds of behavior, which are absolutely normal in the civilized world, were considered to be criminal here—any expression of political opposition or enterprise—or when he saw how the law was implemented in different ways toward different groups of citizens.

[Vybulka] I understand all that, but there was a major social turnabout. After November, ideally, a citizen could say to himself: Now this is my Republic—a free Czechoslovakia, something we all wished for. But his behavior did not change at all. After November a friend of mine asked workers in a factory: "So, guys, are you still stealing?" They answered: "We're still stealing, we're waiting to see what will happen after the elections." After the elections he asked them again. They admitted that nothing had changed. Where otherwise would they get the material for odd jobs?

[Osmancik] It takes a long time for people's mentality to change. What you must realize is that suddenly we have a large group of people who want to build up a business but they have no means to do so, they want to accumulate capital, and they want to get rich quickly. Yet entrepreneurial and business ethics, which have evolved over 200 to 300 years in developed countries, do not exist in this country. They cannot exist; after all, in no other country was private enterprise wiped out as totally as here.

[Vybulka] In what way does the present family, or the relations in employment and in small groups, etc., affect the increase of crime? Is the family more threatened here than in some developed Western countries? Is the functioning of our schools significantly worse than, for instance, in America?

[Osmancik] Our country may have the highest divorce rate in the world, and we probably have the highest employment of women, though there is a shortage of cheap and high-quality services. In no other country was the socializing function of the family so suppressed for the benefit of the economic function as in ours. As far as the schools are concerned, it is mandatory that they must be able to react to the first signs of behavioral disturbances. For example, it is becoming apparent that children who have a high truancy rate generally start to commit criminal acts. It is almost invariably true that every criminal played truant in the past. Manifestations of social misconduct in school children are increasingly more serious—seven and eight-year-old thieves are beginning to appear—and more dangerous than many criminal acts of 15-to-18-year-old delinquents.

[Vybulka] Is the equation: democracy equals high crime rate valid?

[Osmancik] I refuse to accept such a statement. Democracy is meant to ensure the higher humanization and civilization of social relations. A comparison with mature democracies proves that this equation is not valid. The crime rate in Norway and some states in the United States is totally incomparable. The main obstacle to crime: internal control, moral preventions, which are always formed over a longer period of time—it can take 20 years or more. In addition, apart from crime due to poverty, there is crime due to wealth. It occurs when the strata, which make up the majority of society, attain a high standard of living, while some less numerous strata on the fringes of society remain at the same, constant, low level, or their level only rises imperceptibly. (E.g., a group of people with a low level of education, incapable of attaining even average wealth). The increase in this crime rate was typical for the development in Western countries in the 1970's. The economy rose sharply and the crime rate rose sharply along with it. The cause, once again, is a disparity between the needs and the possibilities to satisfy them. When this disparity is balanced, the crime rate drops.

[Vybulka] At the beginning of our interview you outlined a somber picture of our future. What can really be done against the flood of crime?

[Osmancik] If society decides that one of its priorities should be to reduce crime, it must inevitably allocate sufficient resources for an appropriate program. Then a rational, reciprocally coordinated system of prevention must be set up. It must be placed under the umbrella of a supreme institution at the level of the Republic—a government committee. Social policies, including family care, must be activated. Factors, which could give rise to crime and which we have been aware of for a long time, must be limited purposefully and selectively. Very specific measures must be implemented on the basis of a thorough understanding of a specific criminal act in a specific area. This is called the topography of criminal acts. (For example, reacting with very specific measures to frequent robberies in a specific area: by eliminating

unlit areas and superfluous barriers that restrict visibility, by setting up alarm boxes, by increasing the frequency of patrols, etc.).

And finally: We must influence those groups of individuals who are in danger of becoming delinquents. In order to do this, we need new kinds of social workers. At this time we would already need specialized social workers to

concentrate on the unemployed, especially on unemployed young people; we need experts, who would look for substitute programs for them, and would concern themselves with how they spend their free time. Another group that we must influence for the sake of prevention are minors. So far, we do not even have any schools that would be adapted to training the necessary specialized workers.